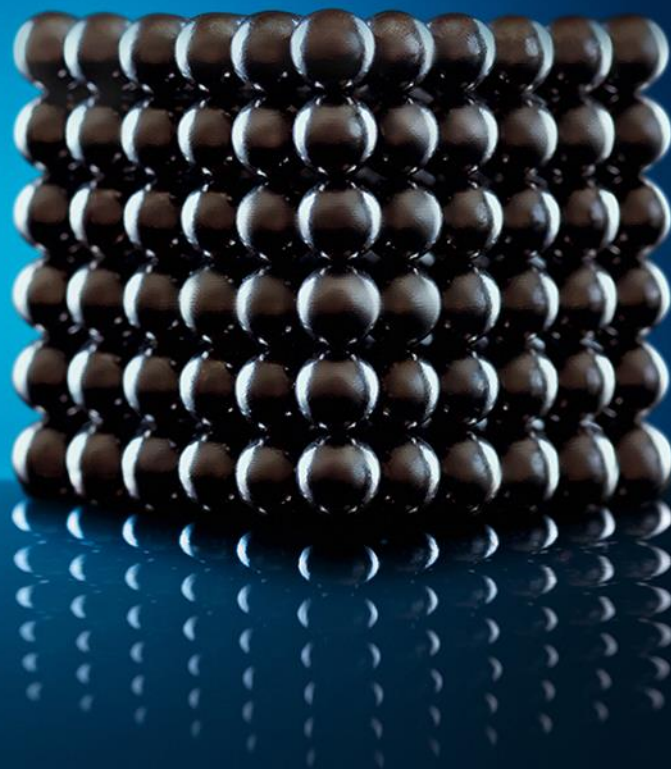


Interim Report as at March 31, 2014



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EAA key figures

	1/1 - 3/31/2014 EUR million	1/1 - 3/31/2013 EUR million
Income statement		
Net interest income	39.0	77.2
Net fee and commission income	15.7	25.3
Net trading result	-4.9	7.9
Other operating result	-0.2	-2.0
General administrative expenses	-82.1	-92.1
Results from financial assets and shareholdings	-3.1	4.9
Results prior to risk provisioning	-35.6	21.2
Loan loss provisions	43.3	5.3
Earnings before taxes	7.7	26.5
Taxes on income and earnings	-0.3	-0.1
Earnings after taxes	7.4	26.4

	3/31/2014 in EUR billion	12/31/2013 in EUR billion
Balance sheet		
Total assets	78.5	78.9
Business volume	94.4	95.1
Loan transactions	46.8	46.8
Trading portfolio	27.7	26.9
Equity	0.6	0.6

	3/31/2014	3/31/2013
Winding-up		
Banking book		
Notional value (before FX effect) in EUR billion	66.1	87.0
Winding-up activities in EUR billion	-4.5	-7.4
Winding-up activities in %	-6.4	-7.9
Trading portfolio		
Notional value (before FX effect) in EUR billion	580.9	813.0
Winding-up activities in EUR billion	-63.6	-71.8
Winding-up activities in %	-9.9	-8.1

	3/31/2014	12/31/2013
Employees		
Number of employees	128	123

	Short-term rating	Long-term rating
Rating		
Moody's Investors Service	P-1	Aa1
Standard & Poor's	A-1+	AA-
Fitch Ratings	F1+	AAA

Foreword

Dear Ladies and Gentlemen,

In the first quarter of 2014 Erste Abwicklungsanstalt (EAA) continued to rapidly wind up its portfolio as planned: The loan and securities portfolio was reduced – while preserving value – by more than six percent, with the derivatives in the trading portfolio down by as much as around ten percent. The successful performance of the first three months confirms our forecasts: The macroeconomic environment remains predominately positive and will support the wind-up of the portfolio in 2014 as well.

One particularly encouraging aspect about the first quarter of 2014 is that the EAA closed the period with a net profit in the income statement. However at EUR 7.4 million, the earnings after tax were lower than in the comparable quarter last year. This reflects the logic of the wind-up process – the success at winding up the portfolio inevitably leads to lower net income from both interest as well as fees and commissions. But at the same time, the EAA was also able to reduce its administrative expenses by more than ten percent. We are focusing on rigorous cost management and optimizing income from the shrinking portfolio both this year and in the coming years.

At the same time, the rapid pace of the reduction in loans, securities and derivatives and the positive market environment allowed the release of certain parts of the risk provisions. The overall result of the first quarter of 2014 once again underscores the stability of the EAA. Furthermore EAA's equity rose by five percent to EUR 563.3 million compared with the same period last year. In light of the progress made to wind up the portfolio, this achievement should not be underestimated.

One of the challenges facing the EAA in the coming months is also to secure structurally what has been accomplished to date. In the next several weeks the EAA therefore intends, as already announced, to assume around 70 employees of the Portigon Group in a separately established EAA subsidiary. Since 2010, these experts have been responsible on Portigon Group's side for managing the EAA portfolio. It is essential for the EAA to retain the expertise they have developed for the winding-up of the remaining portfolio.

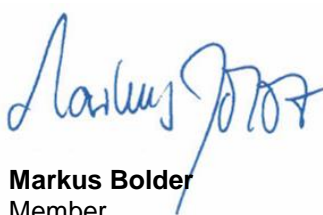
This step is simultaneously intended to facilitate the planned privatization of Portigon Financial Services (PFS). Moreover, the EAA is taking additional actions to support the restructuring and privatization strategies of the Portigon Group, the most important service provider for the EAA. This is in its own clear self-interest: As the EAA is a small organization, it depends on outsourcing to a large degree. The ability of its service providers to render high-quality and reliable services for the long run is therefore crucially important for the operational stability and future success of the EAA.

In the past four years, i.e., since spring 2010, we have created a new organization from scratch and built up extensive know-how in winding-up complex international portfolios, while at the same time reducing the notional value of the assumed exposures by more than half. We are therefore confident that we will be able to master the challenges that lie ahead of us – which are no less complex – in the coming months and years. We will continue to concentrate all our efforts on fulfilling our responsibilities as rapidly as possible and without recourse to public funds.

Sincerely yours,



Matthias Wargers
Spokesman
of the Managing Board



Markus Bolder
Member
of the Managing Board



Horst K pker
Member
of the Managing Board

Interim management report

For the period from January 1 to March 31, 2014

Business and environment

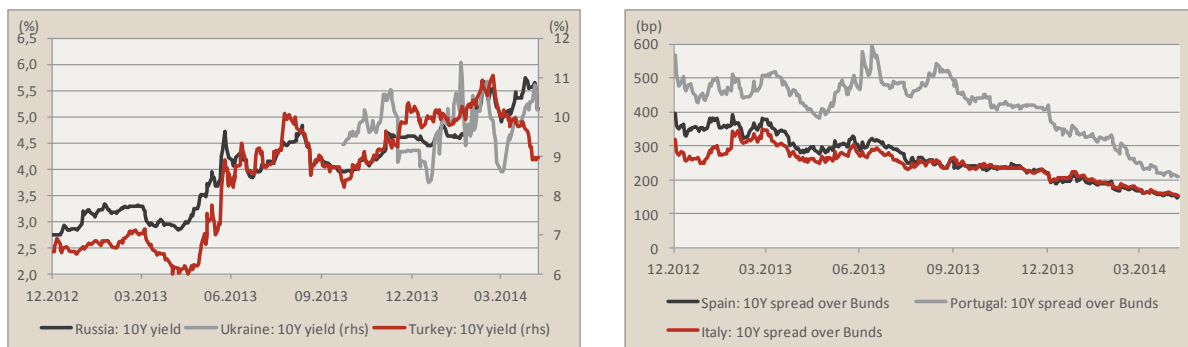
Economic environment

2014 could in fact be a good year

In the 2013 annual report the prior year was described as a year without mishaps. Much of what could have gone wrong in 2013 turned out surprisingly well. With the agreement in the US budget dispute, the renewed stability in the government coalition in Lisbon and further reforms in Spain, as well as an – albeit fragile – coalition in Italy, the starting point for the first quarter of 2014 was and is quite good, and at least much better than in the previous year.

Financial markets:

Selling pressure in emerging markets and buyer interest at the periphery



Source: Bloomberg, EAA

In addition to these positive developments there were negative trends, too. Emerging markets had to come to terms with a reorientation of capital flows caused by the intensifying economic recovery in the United States, the United Kingdom and the eurozone. From an investor's perspective, the trend towards rising yields and higher interest rates in developed markets make these regions more attractive. Political conflicts in emerging markets, for example in Ukraine and Turkey, can strengthen this trend even further. That is why Ukraine, Russia and even Turkey are currently experiencing massive devaluation pressure on the currency markets. Investors are scrutinizing their exposures from a risk perspective. Currently they prefer Portuguese, Spanish and Italian sovereign bonds, which they consider to be much safer. Interestingly, this trend also applies to new Greek government bonds.

The fact that "real-money" investors, and not just hedge funds, are once again investing in bonds of peripheral countries confirms the theory that the euro sovereign debt crisis has entered a new phase. The promise by the European Central Bank (ECB) to do whatever it takes to save the euro has provided lasting reassurance to the financial markets. This pacification, for example, has enabled Portugal to regain complete access to the primary market.

A brief digression on the crisis in Ukraine and Russia

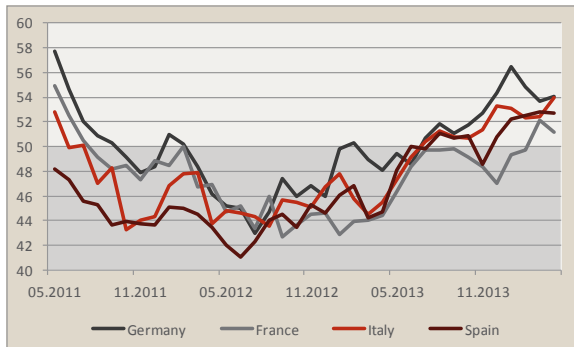
Many observers still find it remarkable that the crisis in Ukraine and the gradual sanctioning of Russia are currently not having much of an effect on the global economy in general and the eurozone economy in particular. To the contrary, the impact of this crisis has so far been limited to Russia and Ukraine. This is even more remarkable when you consider that the Russian economy is one of the world's ten largest economies. It demonstrates, however, that Russia is only integrated into the global economy to a limited extent. The influence of the Russian economy on global supply chains is relatively small, as no important interim products are produced in Russia.

Erste Abwicklungsanstalt

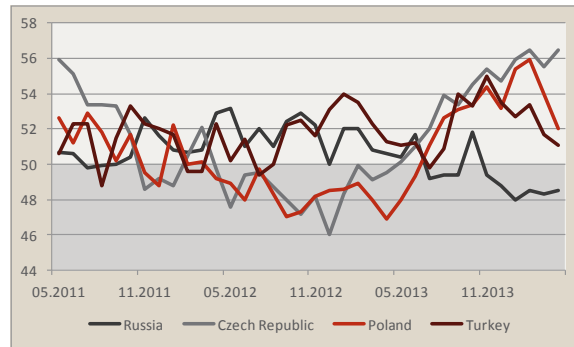
Interim Report as at March 31, 2014

Purchasing managers' indices of selected economies:

The eurozone is growing



Despite the Olympics, Russia is shrinking



Source: Bloomberg, EAA

Russia tends to be more important as a supplier of gas and oil for Western Europe as well as for other commodities (metals and minerals). In particular, an interruption of gas deliveries from Russia to Western Europe could (in the short and medium term) be a problem for the eurozone economy because due to a lack of the necessary infrastructure (gas terminals, pipelines and special tankers), it is not easy for countries such as Germany or the Netherlands to revert to alternative suppliers.

However, concluding from this that Russia has a strong negotiating position would be short-sighted because the dependency tends to be mutual. The Russian state is dependent on the tax proceeds from oil and gas exports. Indeed, 36% of Russia's government revenue comes from this sector. In 2007, an average oil price of just USD 34 per barrel (USD/bbl) was sufficient to balance the budget of the Russian government. In 2013, 118 USD/bbl were necessary to do this. The driving factor behind this increase is a sharp rise in Russian public spending in the recent past (particularly for defense and infrastructure). From a Russian perspective, this is quite a problem because currently the price for a barrel of Brent crude oil is USD 107.8 on average.

Russia is dependent on the West for financing and as a provider of expertise. The developed Russian oil and gas fields have largely exceeded their peak production. Although Russian explorers have discovered new oil and gas fields, they are located at relatively great depths and are therefore difficult to develop. Russia lacks the necessary expertise in this area. As a result, there is a strong argument for the view that Russia, too, should not have an interest in a further escalation of the situation in Ukraine. Russia's annexation of Crimea was based on its own security interests, and it prevailed in this regard. Moreover, given the geographic situation of Crimea the annexation was considerably easier to implement than would be the case in other regions of Ukraine.

From a Russian perspective, the price of the territorial gains in the Crimea might already be high enough, thus curbing the Kremlin's appetite for further adventures. In the wake of the crisis, capital outflows from Russia have accelerated further. According to estimates, USD 50-70 billion flowed out of Russia in the first quarter of 2014. In 2014, the Russian economy is forecast to grow by just under 1%, thus performing even worse than the already poor year in 2013 when growth totaled +1.3%. The variability of economic forecasts for Russia is quite high at the moment. For this reason, the forecasts for 2014 range between +1.75%, which is probably too optimistic, and -1.5%, which is likely too pessimistic.

Extreme weather conditions ruin the start of the New Year in the US

The signs in the US point to recovery and expansion. In the recent past, the US has successfully dealt with many obstacles to growth. In particular, the ritual of endless renegotiation of the government debt ceiling appears to be a thing of the past, at least for the time being. The agreement reached in the US Senate and House of Representatives in the budget dispute has finally provided the country again with a constitutionally acceptable fiscal budget. The positive effect on the business climate and consumer confidence should not be underestimated. Consumers know that there will be no further general tax increases. In addition, the fact that there will be no across-the-board cutbacks in government spending is good for the sectors and companies that depend on government orders. For this reason, the noticeable slowdown in growth to 0% during the first quarter of 2014 (compared with the fourth quarter of 2013) will probably be the exception this year. The slump is primarily the result of difficult weather conditions during the winter. In many places the extreme cold made it impossible for employees to get to work.

Progress at the eurozone periphery

In many eurozone economies the worst of the recession was reached in 2013.

Take Spain for example: Since the third quarter of 2013 economic activity in Spain has started to increase again. For the first time after nine quarters of recession, the Spanish national income posted a slight increase of 0.4% in the first quarter of 2014 (compared with the previous quarter). This economic trend reversal is driven by the Spanish government's reform and consolidation program. For example, the pension system reform that has been implemented has prevented a cost explosion in the future. The reform's first positive effects on the fiscal budget are expected to be felt as early as 2014. The labor market reforms in Spain have increased the efficiency of the Spanish labor market. Nonetheless, tax increases and high unemployment continue to weigh heavily on Spanish consumption, even though the realignment of the Spanish economic growth model is on the right path. The latter can be seen in the positive development of the Spanish current account. As at the end of 2013, the country achieved a current account surplus totaling 0.8% of gross domestic product (GDP). This means Spain generated an annual surplus for the first time since 1995.

There is also positive news to report from Portugal. Since the second quarter of 2013 Portugal's economic output has grown steadily. The national statistical office reported that in the final quarter of 2013 the economy grew by around 0.6% compared with the third quarter of 2013. It therefore appears that Portugal has escaped the recession. Indeed, Portugal's euro partners, the International Monetary Fund (IMF) and the ECB appear to share this opinion, too. That is why Portugal exited the eurozone's rescue program on May 17, 2014 without a standby line of credit from the European Stability Mechanism. From Portugal's standpoint this is a major success because the standby line of credit would have involved conditions and monitoring.

The economic situation in Italy is somewhat different. In 2013, the country's economic output declined by more than 2%, much more than in Portugal (-1.3%) or in Spain (-1.2%). This difference is due to the peculiarities of the political situation in Italy. Since the end of Mario Monti's government of technocrats there have already been two governments in place, most recently under the leadership of Prime Minister Matteo Renzi. This new government has announced several reform initiatives in the meantime, such as electoral reform. But so far it has not achieved any major accomplishments. Overall, the Renzi government aims to consolidate the budget slowly and therefore just met the Maastricht deficit criteria in 2013 (2013: 3.0%). But one positive side effect of this slower approach is that the economic downturn has lost some of its momentum and that the Italian economy will probably grow in 2014, albeit quite slowly. Italy's international competitiveness remains a key problem. According to estimates by the Organization for Economic Cooperation and Development (OECD), Italy's unit labor costs continue to increase, whereas those in Spain have decreased noticeably.

Core and semi-core of the eurozone: contraction was avoided in 2013

This growth scenario for the economically more robust core of the eurozone and the nations of the semi-core, for example France, means that the sky is not the limit here, either. The recovery in Spain and Portugal and the easing of the recession in Italy are still too weak for that. In other words, they are not yet ready to be the growth drivers in intra-European trade. While in the US the extreme winter with low temperatures noticeably disrupted production, many businesses in Germany benefited from a rather mild winter. This meant, for example, that in many outdoor professions work was able to continue nearly uninterrupted in the first quarter of 2014.

France is feeling the effects of the crisis-related drop in demand from its major trading partners in the eurozone periphery. In addition, France's international competitiveness has decreased significantly due to incorrect government intervention in the labor market (for example, the introduction of the 35-hour working week). Yet until now, the government of socialist President Hollande has made only very tentative attempts at addressing these problems.

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Outlook: 2014 will be better than 2013

All in all, there are indeed reasons to be cautiously optimistic about 2014. This is mainly because the basic formula for rescuing the euro has not been changed (financial support in exchange for reforms). In the US, on the other hand, a regular fiscal budget was approved in 2013, for the first time since 2009. Moreover, the negative consequences of the Ukraine crisis and the Russian response to this crisis appear to be limited to these two countries.

Economic development in the US in 2014

In 2013 economic growth in the US was mainly driven by consumer spending. Investment activities, on the other hand, remained below expectations due to the uncertainty caused by the budget crisis. But investment should once again grow considerably in 2014, now that a compromise has been reached in the budget dispute. In particular, sentiment in the US economy continues to improve, rising 4.9 points in April 2014 to 54.9 points compared with one year ago, according to the Purchasing Managers' Index for the manufacturing sector (PMI). The weather-related slump in January 2014 to 51.3 points has therefore been compensated.

2014 will be a very interesting year for the US Federal Reserve (Fed) and its Chair, Janet Yellen. Under her predecessor at the Fed, Ben Bernanke, the central bank had already started to reduce the third round of the purchasing programs of US government bonds and of mortgage-backed bonds from a total of USD 85 billion per month to the current level of USD 45 billion. The Fed has acted successfully in this process so far. Until now the feared loss of trust in the financial markets has not materialized. Should the Fed continue to taper its bond-buying program at its current rate, it would then conclude the purchasing of bonds in October of this year.

The obvious goal of the Fed is to minimize the disruptions caused by the termination of its bond-buying program. To achieve this, it aims to limit the expectations for the key interest rate at the level of between 0% and 0.25% by means of credible, self-imposed forward guidance. This strategy suffered a setback due to a remark made by Fed Chair Janet Yellen. At a press conference in April 2014 following a meeting of the Fed's Federal Open Market Committee (FOMC), she answered a journalist's question by predicting that an initial interest rate hike will take place in the first half of 2015. The subsequent denials by the Fed have proven to be ineffective. Market participants already anticipate higher interest rates for short-term maturities. As a result, the two-year benchmark bond is currently trading at a yield of 0.42%. A first small interest rate hike of 25 basis points (bp) by the Fed is therefore almost completely priced in. From the Fed's perspective it will therefore probably be especially important in the coming months to very actively guide this process and the formation of expectations in the markets so that the level of yields in the US does not rise hastily and thereby choke off the recovery of the US economy.

The ongoing low inflation rate (a core rate of 1.4% and a headline rate of 1.6% are expected in 2014), the still unusually high unemployment rate, and the fact that many potential employees have fallen out of the official statistics due to the length of the crisis should provide Janet Yellen with sufficient justification for doing this. Due to the still extremely accommodative US monetary policy and the overall positive mood in the US economy, it may be assumed that the US economy will achieve potential growth of roughly 2.7% in 2014.

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Summary of important macroeconomic forecasts

Key economic indicators	Growth		Inflation		Unemployment		Budget balance (% GDP)	
	2014 in %	2015 in %	2014 in %	2015 in %	2014 in %	2015 in %	2014 in %	2015 in %
USA	2.7	3.0	1.6	2.0	6.5	6.0	-3.2	-2.7
Eurozone	1.1	1.5	0.9	1.3	11.9	11.7	-2.6	-2.3
Core & semi-core								
Germany	1.9	2.0	1.3	1.8	6.7	6.5	0.0	0.2
France	1.0	1.3	1.1	1.3	10.7	10.4	-3.8	-3.3
Periphery						0.0		
Greece	0.2	1.6	-0.6	0.3	26.9	26.0	-2.4	-1.5
Ireland	2.0	2.5	0.8	1.2	11.8	11.0	-4.9	-3.0
Portugal	1.1	1.3	0.3	0.9	15.3	15.0	-4.0	-3.0
Spain	0.9	1.5	0.3	0.9	25.6	24.8	-5.9	-4.8
Italy	0.5	1.0	0.7	1.2	12.9	12.5	-2.8	-2.5
Emerging markets								
Asia	6.2	6.3	3.6	3.7	3.9	3.9	-2.1	-2.0
Latin America	2.2	3.0	9.8	9.0	6.0	6.1	-3.5	-3.2
Eastern Europe & Africa	1.9	2.7	5.2	4.8	9.1	9.0	-2.0	-1.9
BRIC countries								
Brazil	1.8	2.2	6.3	5.9	5.7	6.0	-3.8	-3.6
Russia	1.0	2.0	6.2	5.4	5.7	5.8	-0.7	-0.8
China	7.3	7.2	2.6	3.0	4.1	4.1	-2.1	-2.0
India	4.7	5.3	9.5	7.8	n.s.	n.s.	-4.6	-4.5

Source: Bloomberg, EAA

Varying rates of recovery in the eurozone

As was previously the case in 2012 and 2013, the marked divergence of growth between the periphery of the eurozone and its core also continues to exist in 2014. Following a period of near stagnation in 2013, growth in Germany – as well as in France – is accelerating. Germany's GDP will probably grow by 1.9% in 2014. Compared to the weak growth in 2013, this is a noticeable increase and is above Germany's potential growth, which is estimated to be around 1.25% per year according to the Bundesbank. In France, a slight increase in growth to about 1% is expected. Supported by a recovery in the global economy, the situation will improve in 2014. This should suffice for moderate growth in most nations of the European periphery. In 2014, even Greece might escape the recession and reach at least zero growth.

Spain's economy is expected to grow by at least 0.9% in 2014. Improvements in Spain's competitiveness are bearing fruit and are the driving factor behind this acceleration. However, it is important that the recovery of the Spanish financial system makes further progress. Spanish banks remain burdened by ongoing declines in housing prices and increasing numbers of non-performing loans, causing banks to restrict their lending to Spanish businesses and households. In 2014 the turning point may be reached in both Portugal and Italy, too. The economic output of Portugal is expected to increase by 1.1% in 2014. Italy has probably escaped from this period of recession and will return to very weak growth of around 0.5% in 2014.

Financial market outlook for 2014

In terms of the real economy, signs continue to point to a recovery for the world economy – albeit at a very slow pace. This is reflected in the relatively low economic growth rate in the eurozone and in a further improvement of the fundamental data. Further effects will be felt in the form of lower risk premiums for sovereign bonds in peripheral eurozone members and slight increases in the yields of German and US government bonds. Yields on ten-year German federal bonds are likely to be at around 2.2% by the end of 2014, whereas the US equivalent is forecast to hit 3.4%.

Erste Abwicklungsanstalt

Interim Report as at March 31, 2014

Overview of key financial markets

Fixed income markets 2014	Policy rate in %	2Y yield (%)	10Y yield (%)
USA	0.25	0.90	3.40
Eurozone	0.25	0.40	2.20
Core & semi-core			
Germany	0.25	0.40	2.20
France	0.25	0.40	2.50
Periphery			
Spain	0.25	1.40	3.80
Italy	0.25	1.40	3.60

Source: Bloomberg, EAA

As the peripheral economies will also continue to stabilize, risk premiums compared to German government bonds should drop further. Portfolio reallocations are currently supporting this trend. Investors prefer peripheral bonds to more risky exposures in emerging markets. Since the US economy may be the most robust economy among the developed economies in 2014, it is anticipated that the US dollar will appreciate against the euro. The difference in growth and the beginning of the end of the Fed's exceptional measures will support the US dollar. It is anticipated that the exchange rate will be around USD/EUR 1.30 by the end of 2014.

Operating activities of the EAA

The EAA winds up the risk exposures and non-strategic business units transferred from the former WestLB AG (WestLB, now Portigon AG [Portigon]) and its domestic and foreign subsidiaries. When doing so, it proceeds in a value-preserving manner. This serves to stabilize the financial market in Germany.

The EAA conducts its transactions in accordance with business and economic principles with regard to its wind-up objectives. It is not a credit or financial services institution in terms of the German Banking Act (Kreditwesengesetz – KWG), an investment services firm in terms of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) or an insurance company in terms of the German Insurance Supervision Act (Versicherungsaufsichtsgesetz – VAG). It does not conduct any transactions that require approval pursuant to Directive 2006/48/EC of the European Parliament and of the Council of June 14, 2006 or Directive 2004/39/EC of the European Parliament and of the Council of April 21, 2004, the amendment to 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 for the repeal of Directive 93/22/EEC of the Council, as amended.

The EAA is subject to regulation by the German Financial Market Stabilization Authority (Bundesanstalt für Finanzmarktstabilisierung – FMSA). It is also regulated by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin) with regard to banking law provisions applicable to the EAA.

The EAA's work is principally carried out on the basis of section 8a of the FMStFG, its charter, the rules of procedure for the Supervisory Board and the Managing Board plus their committees, as well as its wind-up and risk strategy. A wind-up plan was prepared by the former WestLB for the EAA's fillings and approved by the FMSA.

The wind-up plans for the EAA's fillings were combined into an overall wind-up plan. The EAA reviews this plan at least once a quarter and makes adjustments, when necessary, in order to take account of changes in circumstances, for example current market developments. The FMSA must approve any changes or adjustments to the wind-up plan. The wind-up plan describes the intended wind-up activities of the EAA by classifying its asset positions into sub-portfolios (clusters) and standard strategies, and contains a schedule for the winding-up. The possible methods for winding up the portfolio included selling the assets prior to their maturity, holding them to maturity or restructuring them. The EAA regularly submits wind-up reports to inform the FMSA, its Supervisory Board and shareholders about the progress of the winding up and the implementation of the wind-up plan. When doing so it also documents the wind-up result.

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The following stakeholders participate in the EAA's share capital: The State of North Rhine-Westphalia (NRW), approximately 48.2%; the Rheinische Sparkassen- und Giroverband (RSGV) and the Sparkassenverband Westfalen-Lippe (SVWL), approximately 25% each; and the Landschaftsverband Rheinland (LVR) and the Landschaftsverband Westfalen-Lippe (LWL), approximately 0.9% each.

The governing bodies of the EAA are the Managing Board (Vorstand), the Supervisory Board (Verwaltungsrat) and the Stakeholders' Meeting (Trägerversammlung).

The Managing Board of the EAA consists of three members. They are appointed by the Supervisory Board with the FMSA's approval for a maximum term of four 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 of whom are appointed by the Stakeholders' Meeting. One member is delegated by the FMSA, acting on behalf of the Financial Market Stabilization Fund (FMS). Members elect a Chair and a Deputy Chair on the recommendation of the State of NRW. The Supervisory Board consults with and advises the EAA's Managing Board, monitors its activities and carries out additional duties set forth in the EAA's charter.

The Stakeholders' Meeting is composed of one representative from each of the institutions which hold a stake in EAA's share capital. The Stakeholders' Meeting is responsible for adopting the annual financial statements of the EAA, among other things.

Wind-up report

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

As at March 31, 2014, the banking book portfolio amounted to EUR 66.1 billion (all data are stated at exchange rates as of December 31, 2011). The notional volume decreased by EUR 4.5 billion during the first quarter of 2014. Since January 1, 2012 the total banking book portfolio has decreased by EUR 60.3 billion or 47.7%.

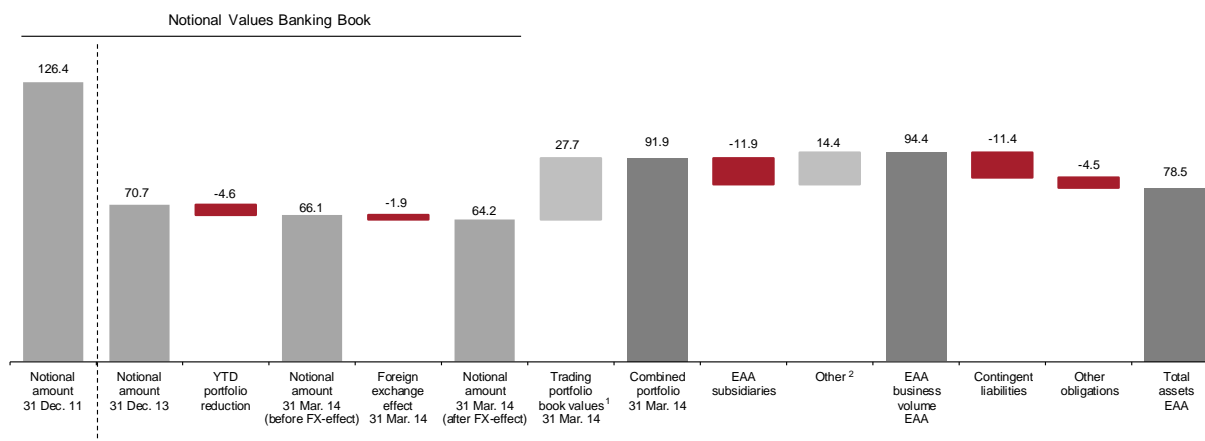
The notional volume of the trading portfolio amounted to EUR 580.9 billion as at March 31, 2014,. The notional volume of the trading portfolio decreased in total by EUR 63.6 billion during the period from January 1 to March 31, 2014 (stated at exchange rates as at June 30, 2012). Since its transfer, the trading portfolio has been reduced by EUR 483.1 billion or 45.4%.

The following overview shows the development of the portfolio's notional amounts since January 1, 2014 and the reconciliation to EAA's balance sheet as of March 31, 2014:

Erste Abwicklungsanstalt

Interim Report as at March 31, 2014

Reconciliation of the transferred notional volume to the balance sheet as at March 31, 2014 in EUR billion



¹ Equates to the book values for trading portfolio assets

² Contains money market transactions, cash collateral and other assets not relevant for the wind-up portfolio

Under the EAA's management strategy, the success of the wind-up plan is assessed based on both the reduction of the notional volume before exchange rate effects (i.e., at constant exchange rates as at December 31, 2011 for the banking book and as at June 30, 2012 for the trading portfolio) as well as in terms of the effects on the wind-up plan. The latter takes into consideration the impact of sale proceeds, book values, expected losses, interest income and funding costs for the respective risk positions.

In the first quarter of 2014 the EAA generated a positive business plan impact of EUR 24.1 million from sales and early repayments from the banking book portfolio, with actions in the non-performing loan portfolio (NPL) making a particularly strong contribution.

Wind-up success

Wind-up success in the banking book

From January 1 until March 30, 2014, the notional volume of the banking book was reduced from EUR 70.7 billion to EUR 66.1 billion (at exchange rates as of December 31, 2011, including the notional amounts of guaranteed risk exposures and risk exposures held by subsidiaries of the EAA). That equates to a decline in notional value of EUR 4.4 billion (6.4%). At current exchange rates as of March 31, 2014, the volume is EUR 64.2 billion.

	Notional volume (at exchange rates as of 12/31/2011)				Notional volume (at exchange rates as of 3/31/2014)	
	Notional 3/31/2014 EUR million	Notional 12/31/2013 EUR million	Delta to 12/31/2013 EUR million in %		Notional 3/31/2014 EUR million	FX effect ¹ EUR million
Clusters						
Structured Securities	20,407.5	21,618.5	-1,211.0	-5.6	19,582.6	-824.9
WestImmo Commercial	10,679.7	11,115.4	-435.7	-3.9	10,633.0	-46.7
Public Finance	6,987.1	7,353.6	-366.5	-5.0	6,843.1	-144.0
NPL	5,973.4	6,320.9	-347.5	-5.5	5,718.2	-255.2
Energy	5,492.7	5,878.6	-385.9	-6.6	5,319.0	-173.7
Financial Institutions	3,207.8	3,678.0	-470.2	-12.8	3,154.7	-53.1
Other clusters	13,363.8	14,689.5	-1,325.7	-9.0	12,903.1	-460.7
EAA (banking book) total	66,112.0	70,654.5	-4,542.5	-6.4	64,153.7	-1,958.3

¹ Change in notional volume due to exchange rate effects

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In the first quarter of 2014 the banking book recorded a considerable reduction in the Structured Securities, Westlmmo Commercial and Public Finance clusters. The notional reduction in the Structured Securities cluster is primarily due to the partial repayments of the Phoenix A1 (USD), A2 (EUR), B and X notes as well as the complete repayment of the Phoenix A1 note (EUR). The notional reduction in Other clusters is distributed over the rest of the portfolio, with main changes being recorded in the Industrials, Infrastructure and Westlmmo Retail clusters.

Wind-up success in the trading portfolio

Clusters ²	Notional volume (at exchange rates as of 6/30/2012)				Notional volume (at exchange rates as of 3/31/2014)	
	Notional 3/31/2014	Notional 12/31/2013	Delta to 12/31/2013		Notional 3/31/2014	FX effect ¹
	EUR million	EUR million	EUR million	in %	EUR million	EUR million
Rates	570,653.6	634,593.2	-63,939.6	-10.1	551,758.4	-18,895.2
Credit	1,597.7	1,969.4	-371.7	-18.9	1,548.5	-49.2
Equity	8,199.4	7,471.1	728.3	9.7	7,907.4	-292.0
Other clusters	489.9	507.0	-17.1	-3.4	456.3	-33.6
EAA (trading portfolio) total	580,940.6	644,540.7	-63,600.1	-9.9	561,670.6	-19,270.0

¹ Change in notional volume due to exchange rate effects

² The clusters are presented in the new structure of the 2014 wind-up plan; to improve comparability, the previous year values were restated accordingly

The notional volume of the trading portfolio represents the business volume underlying the derivatives and is not determined by the exposure at risk.

The notional volume of the trading portfolio decreased from EUR 644.5 billion to EUR 580.9 billion in the period from January 1 to March 31, 2014 (at exchange rates as at June 30, 2012). Essentially, the decline results from maturities and active measures. The principal driving force behind the reduction was the Rates cluster with a total decrease of EUR 63.9 billion. This is divided into maturities of around EUR 53 billion and wind-ups of about EUR 11 billion. The notional volume of the remaining clusters did not change significantly. The wind-up success stated here is adjusted by an FX effect of approximately EUR -19.3 billion.

The EAA's overall situation

Earnings situation

The EAA's earnings situation in the first quarter of 2014 was primarily impacted by positive net interest income of EUR 39.0 million, net fee and commission income of EUR 15.7 million and a net trading result of EUR -4.9 million. Administrative expenses amounted to EUR 82.1 million and mainly consisted of expenses amounting to EUR 64.6 million for the provision of services by Portigon.

A net income of EUR 43.3 million resulted from further net allocations to and releases from loan loss provisions.

The income statement below is presented in the format used internally by the EAA.

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	1/1 - 3/31/2014 EUR million	1/1 - 3/31/2013 EUR million	Delta EUR million	in %
Net interest income	39.0	77.2	-38.2	-49.5
Net fee and commission income	15.7	25.3	-9.6	-37.9
Net trading result	-4.9	7.9	-12.8	>-100
Total other operating income/expenses	-0.2	-2.0	1.8	90.0
Personnel expenses	-5.2	-4.3	-0.9	-20.9
Other administrative expenses	-76.9	-87.8	10.9	12.4
of which: expenses for service level agreements with Portigon	-64.6	-78.5	13.9	17.7
Net income from investment securities and long-term equity investments	-3.1	4.9	-8.0	>-100
Results prior to risk provisioning	-35.6	21.2	-56.8	>-100
Loan loss provisions	43.3	5.3	38.0	>100
Earnings before taxes	7.7	26.5	-18.8	-70.9
Taxes on income and earnings	-0.3	-0.1	-0.2	>-100
Net profit of the year	7.4	26.4	-19.0	-72.0
Net retained losses brought forward	-2,460.2	-2,519.3	59.1	2.3
Net retained losses	-2,452.8	-2,492.9	40.1	1.6

Financial position and issuing activity

The EAA's outstanding of issued bearer bonds, registered bonds, promissory note loans and commercial paper – mostly denominated in EUR, USD and GBP – totals EUR 48.0 billion. It includes the global Commercial Paper Program with a notional volume equivalent to EUR 8.1 billion.

In the period from January 1 to March 31, 2014 new issues were concluded under the Euro Medium Term Notes Program – mostly bearer bonds – in the amount of EUR 2.3 billion. EUR 1.9 billion of this amount was the equivalent in US dollars. A further EUR 85.0 million was issued in the form of promissory note loans.

As part of the global Commercial Paper Program, a notional volume equivalent to EUR 7.5 billion was issued as a replacement for due transactions.

As at March 31, 2014 the portfolio of securities redeemed for liquidity management purposes totaled EUR 92.1 million. These are mostly short-term securities.

In the liquidity stress test, the EAA reported net liquidity above the defined minimum at any time throughout the period from January 1 to March 31, 2014.

Asset position

Assets

	3/31/2014 EUR million	12/31/2013 EUR million	Delta EUR million	in %
Loans and advances to banks	16,221.6	14,885.1	1,336.5	9.0
Loans and advances to customers	14,638.6	15,711.9	-1,073.3	-6.8
Securities (no trading portfolio)	17,595.4	18,856.8	-1,261.4	-6.7
Trading portfolio	27,725.0	26,897.8	827.2	3.1
Long-term equity investments and shares in affiliates	1,892.2	1,896.0	-3.8	-0.2
Other assets	431.7	663.5	-231.8	-34.9
Total assets	78,504.5	78,911.1	-406.6	-0.5

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Interim Report as at March 31, 2014

Liabilities and equity

	3/31/2014 EUR million	12/31/2013 EUR million	Delta EUR million	in %
Deposits from banks	5,755.4	5,984.3	-228.9	-3.8
Deposits from customers	7,091.7	6,732.0	359.7	5.3
Debt securities in issue	36,783.1	38,123.5	-1,340.4	-3.5
Trading portfolio	27,883.6	27,119.6	764.0	2.8
Provisions	374.6	341.4	33.2	9.7
Other liabilities	51.9	53.5	-1.6	-3.0
Equity	563.3	555.9	7.4	1.3
Total liabilities and equity	78,504.5	78,911.1	-406.6	-0.5
Contingent liabilities	11,418.6	11,595.4	-176.8	-1.5
Other obligations/loan commitments	4,514.7	4,633.1	-118.4	-2.6
Business volume	94,437.8	95,139.6	-701.8	-0.7

The total assets of the EAA as at March 31, 2014 amount to EUR 78.5 billion (previous year: EUR 78.9 billion). The business volume, which includes off-balance-sheet components, amounts to EUR 94.4 billion (previous year: EUR 95.1 billion).

As at March 31, 2014 loans and advances to banks are EUR 1.3 billion higher compared with the end of 2013. This increase is attributable to higher deposits in the money market and the need to advance more collateral in the derivatives business.

The reduction of loans and advances to customers compared to the end of the previous year reflects the wind-up success in the first quarter of 2014. Securities decreased due to repayments, primarily in structured securities.

The increase in trading assets by EUR 0.8 billion is mostly due to a declining trend in the yield curve and the corresponding present value effects. This is also reflected in trading liabilities in virtually the same amount.

Please refer to the "Wind-up report" section for more information.

Lending business

The lending business comprises receivables, payment obligations arising from irrevocable loan commitments sureties and other guarantees. Contingent liabilities also include Portigon risk positions, which were transferred using the "guarantee" alternative. Receivables also include registered and other non-marketable debt instruments as well as time deposits and mortgage-backed loans from the retail banking business.

Lending business

	3/31/2014 EUR million	12/31/2013 EUR million	Delta EUR million	in %
Loans and advances to banks	16,221.6	14,885.1	1,336.5	9.0
Loans and advances to customers	14,638.6	15,711.9	-1,073.3	-6.8
Contingent liabilities	11,418.6	11,595.4	-176.8	-1.5
Other obligations/loan commitments	4,514.7	4,633.1	-118.4	-2.6
Lending business	46,793.5	46,825.5	-32.0	-0.1

Summary of the business situation

As shown, the net profit was attributable to the progress made in winding up the portfolio. The reduction in the portfolio had a significant influence on the income from both interest as well as fees and commissions. Loan loss provisions were impacted as well.

The asset position of the EAA is in good order. Its equity as at March 31, 2014 amounts to EUR 563.3 million. Adequate liquidity was available at all times.

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Risk report

The common objective of the liable stakeholders, the German Financial Market Stabilization Fund (Finanzmarktstabilisierungsfonds – FMS) and the EAA is to minimize the strategic wind-up risk. During the reporting period the EAA made further progress toward realizing the wind-up plan. Its wind-up activities focused primarily on continuing to reduce the portfolio transferred from Portigon and mitigating risks.

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 risk portfolio transferred to the EAA, regardless of whether these figures are recorded on or off balance sheet in the EAA's single-entity financial statements or whether they are held via subsidiaries (look-through approach).

Risk management organization

The Managing Board defines the principles of risk management and steering, and discusses these with the Supervisory Board's Risk Management Committee. On recommendation by the Risk Committee, the Supervisory Board will decide on the principles relating to risk assumption contained in the risk strategy.

The general risk management strategy is the basis for its 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. The general risk management strategy is supplemented by specific strategies for managing individual risks including the related wind-up strategies. The key individual strategies relate to the risk categories: credit risk, market price risk, liquidity risk, operational risk and other risks. Risk management strategies are reviewed at least once every year.

The Risk Controlling department is responsible for the independent monitoring and communication of the EAA's risks and has the following tasks in particular:

- Supporting management in all risk policy issues, especially in the development and implementation of the risk strategy as well as in the organization of a system for mitigating risks;
- Conducting a risk inventory and preparing the overall risk profile; and
- Supporting management in the establishment and development of risk management and risk controlling processes.

The Risk Controlling department is responsible for market price, liquidity and operational risks. The Credit Risk Management department comprises the back office function in the lending business as defined by the Minimum Requirements for Risk Management (Mindestanforderungen an das Risikomanagement – MaRisk). In particular, this department comprises the credit competence. It is responsible for credit risk steering and credit risk controlling. It is supported by the Controlling & Planning department. The Risk Controlling and Credit Risk Management departments monitor and analyze risk positions as well as the utilization of the limits. They also take measures to reduce risks as necessary.

The EAA's risk management system is regularly reviewed by the EAA's Internal Audit department.

Risk reporting

Risks can only be controlled and monitored in a sustainable manner if they are transparent and if the underlying analysis results are processed and communicated in a manner that is conducive to decision-making processes. Accordingly, in particular the risk reporting function is among the key tasks of Risk Controlling, which fulfills this responsibility together with the Controlling & Planning department. The FMSA, the responsible committees, the Managing Board, the Supervisory Board and its committees are informed on a regular basis of any and all developments that might have a bearing on the institution's risk or earnings situation. Risk reporting is an integral component of the monthly wind-up report.

The Managing Board keeps the Supervisory Board and its committees regularly informed of the EAA's current wind-up status and the general risk situation based on the wind-up reports and a separate Risk Report, which is adapted to suit the needs of the governing bodies.

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Interim Report as at March 31, 2014

Credit risks

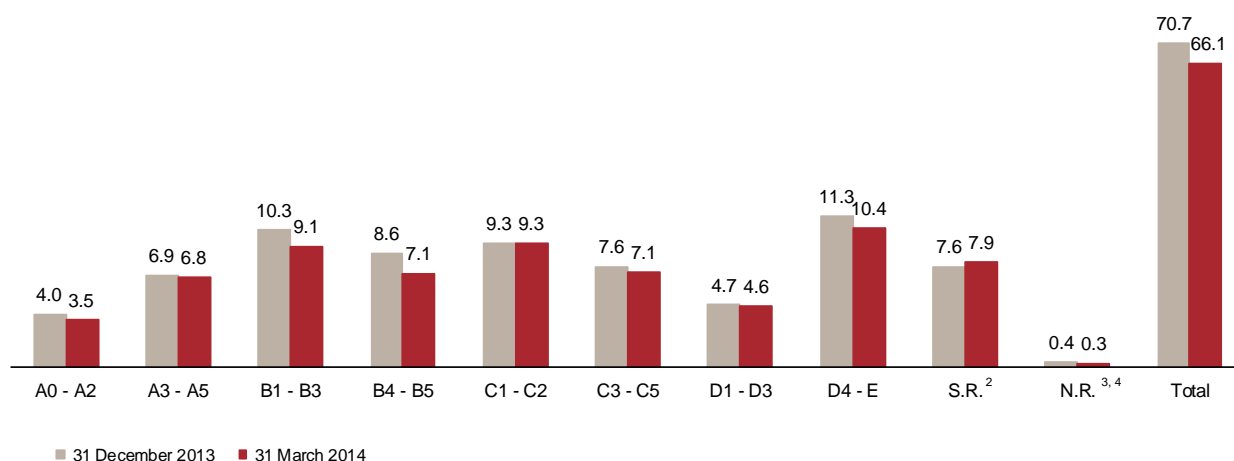
Credit risks – banking book

The EAA and its subsidiaries regularly analyze the credit risk volume in detail so as to identify, analyze, evaluate, and manage all default risks within the portfolio. A variety of parameters - such as risk type, rating categories, maturities and regions - are used to identify risk concentrations.

In the first quarter of 2014, the notional volume of the banking book portfolio – which primarily consists of loans and securities – was reduced by EUR 4.6 billion to EUR 66.1 billion (at constant exchange rates as of December 31, 2011). The EAA holds or guarantees 70% of the total banking book notional volume, and the remaining 30% is held by its subsidiaries. Please refer to the section “Wind-up report” for more detailed information on the wind-up success.

The following illustrations relate to the notional volume of the EAA and its subsidiaries Westdeutsche ImmobilienBank AG (WestImmo), EAA Covered Bond Bank Plc (EAA CBB), Basinghall Finance Plc (Basinghall) and EAA Japan K.K. (EAA KK) on a look-through basis.

Breakdown of notional volume by internal rating category in EUR billion¹



¹ Excluding exchange rate effects (based on exchange rates on December 31, 2011)

² Special rating pursuant to the not-rated concept

³ Not rated

⁴ Including EUR 0.27 billion of own bonds repurchased by WestImmo

Please note: Where possible, the internal rating categories are based on the guarantor's rating.

The quality of the banking book portfolio is reflected by an investment grade rating share (rating categories A0-C2) of around 54% (December 31, 2013: 55%). About 16% (December 31, 2013: 15%) of the notional volume has a very good rating (A0-A5) and around 38% (December 31, 2013: 40%) has a medium rating of B1-C2.

The EAA continues to aim for a portfolio reduction across all rating categories. The decline in the first quarter of 2014 is largely distributed over all rating categories with the exception of the S.R. rating category, which increased by EUR 0.3 billion. The S.R. rating category includes the opening clauses of the rating process, the EAA's non-rating concept. The increase is primarily due to measures in connection with US life insurance policies, resulting in a shift from the D4-E rating category to the S.R. rating category. The decline in the B1-B3 category is mostly attributable to a partial repayment of the Phoenix A1 note in the amount of EUR 1 billion. The reductions in the B4-B5 rating category are largely caused by shifts to the C1-C2 rating category totaling EUR 0.6 billion as well as due to maturities and other measures.

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Due to changed conditions, the exposure in the energy sector, just over half of which was classified in the middle rating categories on the reporting date, is subject to closer monitoring.

The remaining rating category, N.R., mainly includes WestImmo Commercial portfolio exposures.

The table below shows a reconciliation of the EAA's internal ratings to external ratings:

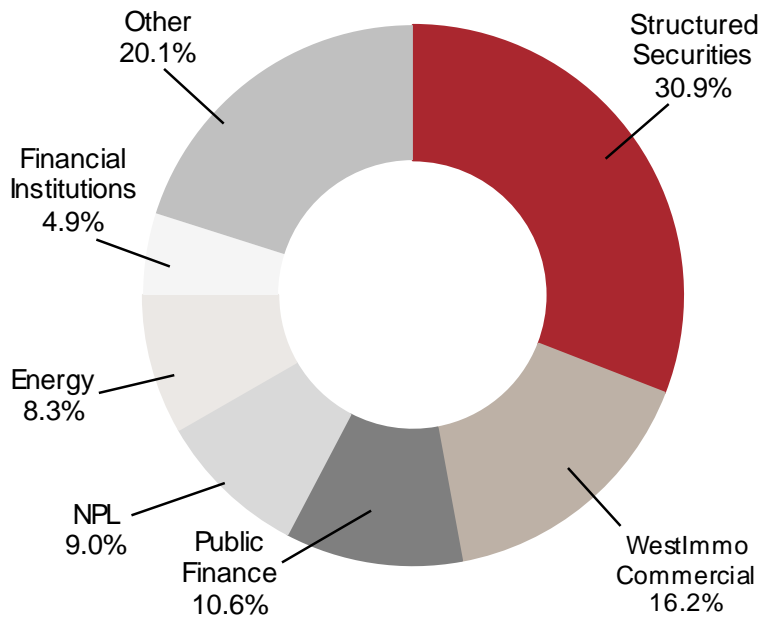
INTERNAL	EXTERNAL			
EAA	Moody's	S&P	Fitch	
A0	Aaa	AAA	AAA	
A1	Aaa	AAA	AAA	
A2	Aa1	AA+	AA+	
A3	Aa2	AA	AA	
A4	Aa3	AA-	AA-	
A5	A1	A+	A+	
B1	A1	A+	A+	Investment Grade
B2	A2	A	A	
B3	A3	A-	A-	
B4	Baa1	BBB+	BBB+	
B5	Baa1	BBB+	BBB+	
C1	Baa2	BBB	BBB	
C2	Baa3	BBB-	BBB-	
C3	Ba1	BB+	BB+	
C4	Ba2	BB	BB	
C5	Ba3	BB-	BB-	
D1	B1	B+	B+	Non-Investment Grade
D2	B2	B	B	
D3	B2	B	B	
D4	B3	B-	B-	
D5	Caa1 to C	CCC+ to C	CCC+ to C	
E	C	C	C	

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Breakdown of notional volume by headline clusters as at March 31, 2014

100% = EUR 66.1 billion¹



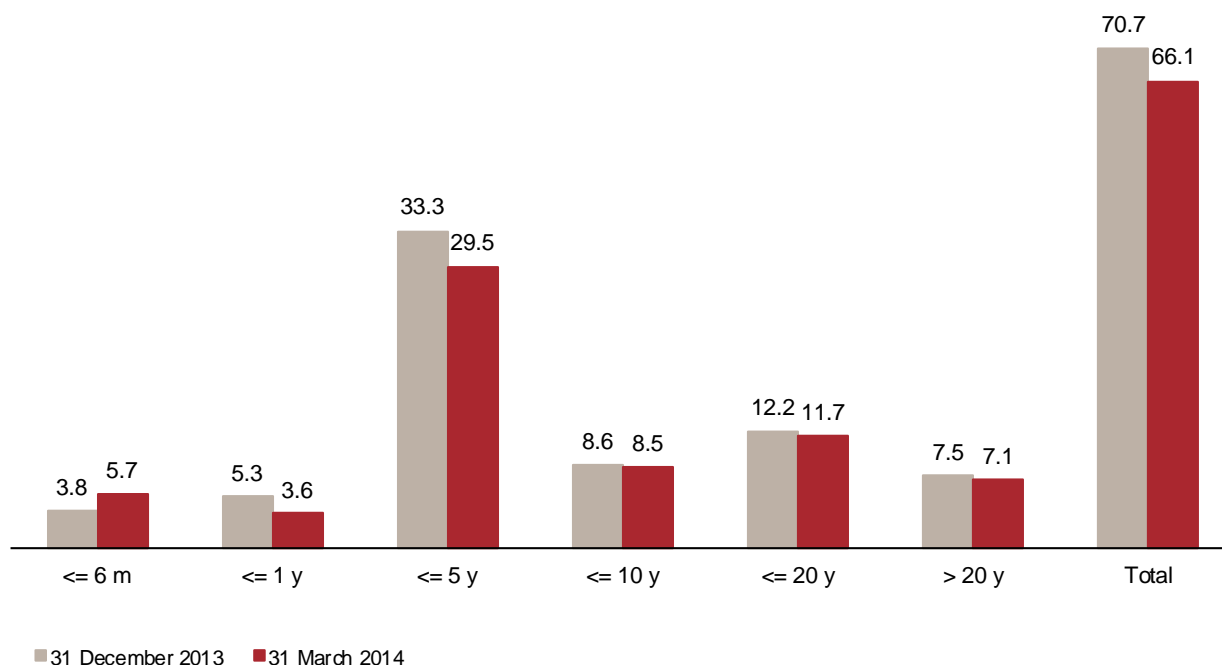
¹ Excluding exchange rate effects

The EAA's banking book portfolio consists of 19 headline clusters. The largest headline cluster is Structured Securities with a total share of around 31%. This portfolio consists of three sub-portfolios: Phoenix (66% – please refer to section “Phoenix” for further details), Asset Backed Securities (26%) and EUSS (9%). The WestImmo Commercial portfolio accounts for around 16% of the total portfolio.

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Interim Report as at March 31, 2014

Breakdown of notional volume by maturities¹ in EUR billion²



¹ For Phoenix: expected repayment profile

² Excluding exchange rate effects (based on exchange rates on December 31, 2011)

The largest part of the portfolio, with a share of approximately 45%, is comprised of medium-term exposures with maturities of one to five years. These are primarily exposures held in clusters Structured Securities (mainly Phoenix, please also refer to the “Phoenix Notes Capital Structure” table in the “Phoenix” section), Westlmmo Commercial, NPL, Public Finance, Energy and Industrials. Approximately 11% of the exposures in the banking book have a maturity of more than 20 years.

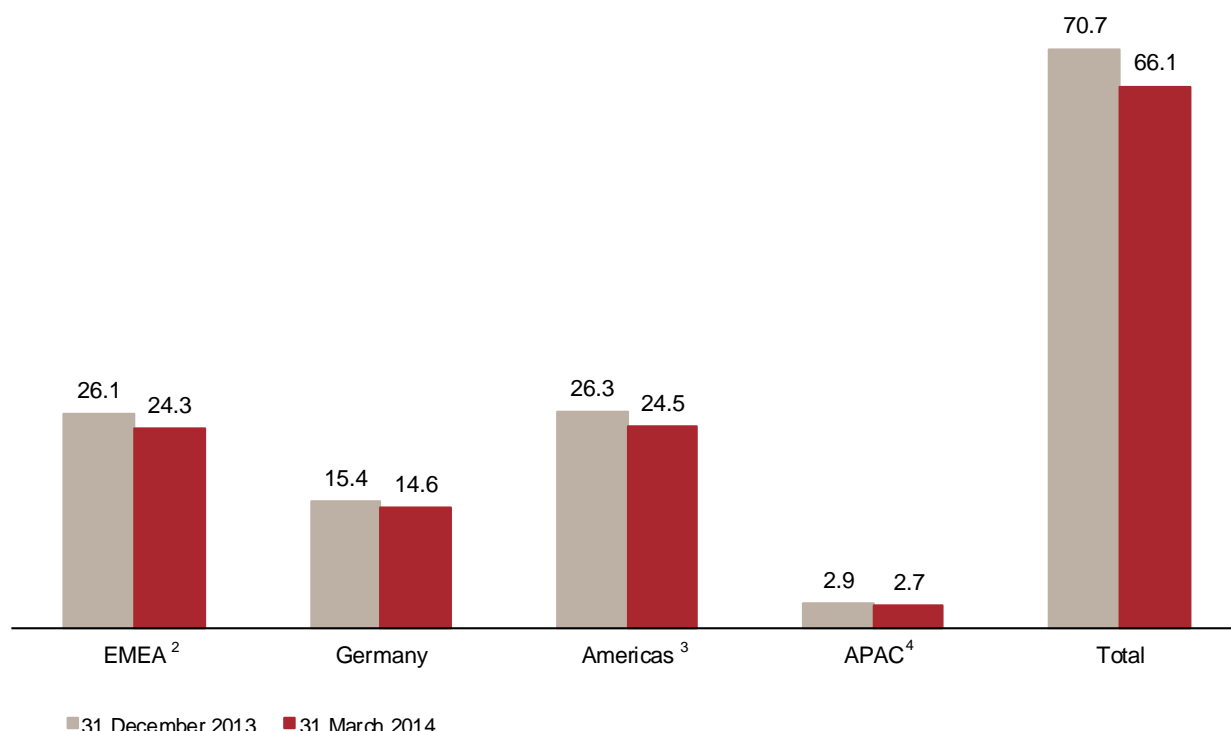
The decrease in the maturity range of up to five years is mainly caused by the partial repayment of the Phoenix A1 note in the amount of EUR 1 billion and repayments in the Westlmmo Commercial portfolio totaling EUR 0.4 billion. The increase in the maturity range of up to six months results additionally from the shift of parts of the Westlmmo Commercial portfolio from longer maturity ranges.

The other changes within the maturity ranges reflect the portfolio management measures executed in the first quarter of 2014.

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Breakdown of notional volume by region in EUR billion¹



¹ Excluding exchange rate effects (based on exchange rates on December 31, 2011). Regional breakdown by borrowers, or for securitizations based on the main risk country of the asset pool

² Europe, Middle East and Africa; excluding Germany

³ Contains EUR 3.6 billion for the Phoenix B note guaranteed by the state of NRW

⁴ Asia, Pacific and Japan

The breakdown of the notional volume has changed only insignificantly compared to December 31, 2013. About 37% of notional volume (December 31, 2013: 37%) is attributable to the EMEA region – Europe (excluding Germany), Middle East and Africa. The decline in notional volume in the amount of EUR 1.8 billion is mainly attributable to active measures and maturities in the Financial Institutions, Public Finance and Energy clusters.

The notional volume for German borrowers and guarantors (share in portfolio: 22%, December 31, 2013: 22%) was reduced by EUR 0.8 billion. The decrease here relates primarily to the Industrials, WestImmo Commercial and WestImmo Retail clusters.

Approximately 37% of the notional volume (December 31, 2013: 37%) is attributable to the Americas. Repayments and maturities in the Structured Securities cluster (mainly Phoenix) resulted in a decrease of EUR 1.8 billion.

The APAC region represents approximately 4% (December 31, 2013: 4%). The APAC region recorded a decline of EUR 0.2 billion.

Problem loans and risk provision

Problem loan exposures are subject to special risk monitoring pursuant to MaRisk. The assessment of possibly required risk provisioning takes into account collateral values, a company valuation, a discounted cash flow analysis or observable market prices. This is reviewed regularly.

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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	6.3	37.9	31.6	11.3	42.9
Credit risk	6.3	37.9	31.6	2.5	34.1
Other risk	-	-	-	8.8	8.8
Contingent counterparty default risk	-	0.4	0.4	-	0.4
Total	6.3	38.3	32.0	11.3	43.3

Special banking book issues

Phoenix

A significant part of the EAA's Structured Credit portfolio consists of the ten tranches of the Phoenix Light SF Ltd. securitization.

By far the largest part of the securitized Phoenix portfolio (approximately 90%) is denominated in US dollars and represents US risks, primarily in the real estate market. Repayments in the reporting period resulted in a decrease of the notional volume to EUR 13.2 billion as of March 31, 2014 (calculated at constant exchange rates as of December 31, 2011).

Phoenix Notes Capital Structure

Tranche	Amount as of 3/31/2014 in million	S&P Rating	Legal maturity	Weighted average maturity
Class X	13.1 EUR	AAA	2/9/2015	0.58
Class A1	3,594.0 USD	A	2/9/2091	1.06
	- EUR	A	2/9/2091	-
Class A2	3,102.0 USD	B	2/9/2091	2.18
	219.0 EUR	B	2/9/2091	0.94
Class A3	2,386.6 USD	CCC-	2/9/2091	3.28
	701.1 EUR	CCC-	2/9/2091	4.01
Class A4	1,909.0 USD	CCC-	2/9/2091	6.93
	180.9 EUR	CCC-	2/9/2091	11.94
Class B	3,576.2 EUR	not rated	2/9/2091	2.85

Approximately 48% of the Phoenix notes consist of risk positions with an investment grade rating (taking into account the rating of the guarantor, the State of NRW, for the Phoenix B notes) and a low probability of default. In the meantime the guarantee of the State of NRW for the Phoenix B note of EUR 5 billion was utilized in the amount of EUR 1.4 billion.

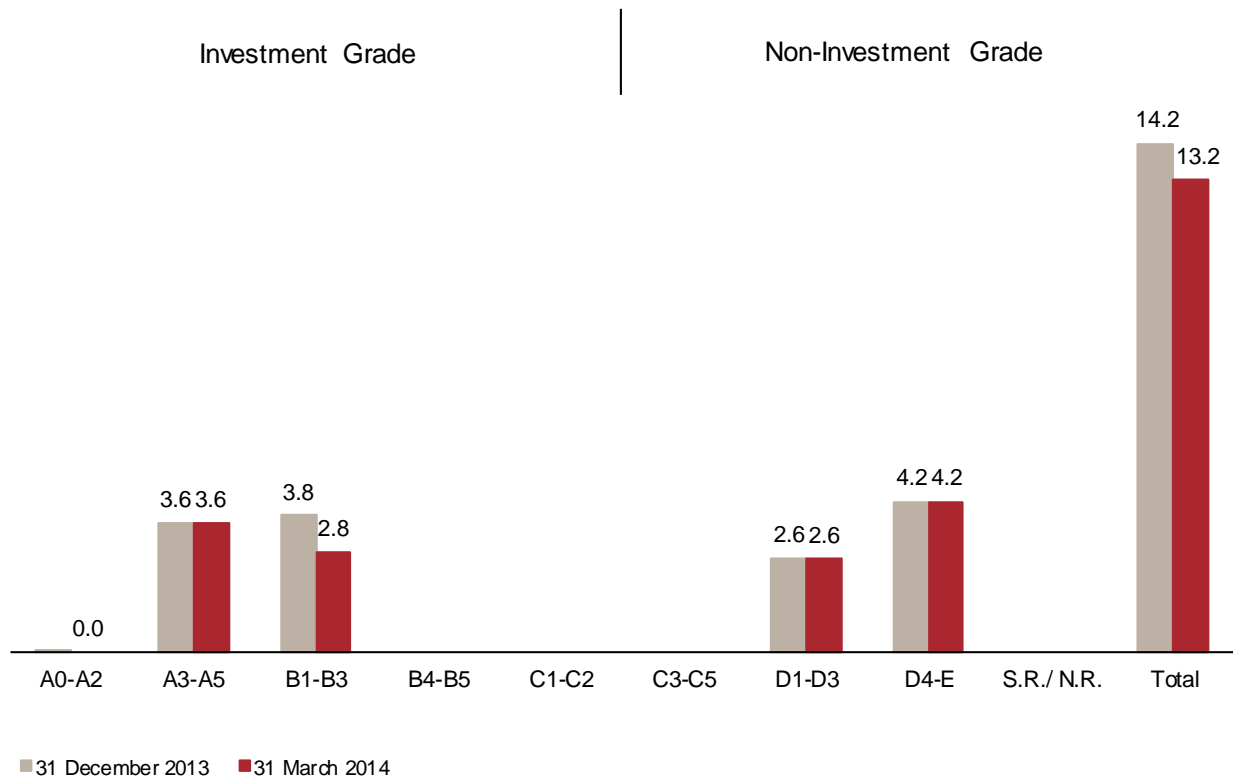
In the first quarter of 2014 repayments totaled EUR 1 billion. These repayments in particular led to the complete repayment of the EUR A1 tranche and to a reduction in the notional value of the remaining USD A1 tranche.

The weighted average maturities shown above relate to the expected amortization profile of the underlying portfolio. At the present time, the EAA assumes that the Phoenix structure will be dissolved prematurely in 2018, and that the underlying portfolio will be transferred to the EAA.

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Rating breakdown by internal rating category for Phoenix notes
in EUR billion¹



¹ Excluding exchange rate effects (based on exchange rates on December 31, 2011)

Please note: The presentation by internal rating category considers the rating (A3) of the guarantor, the state of NRW, for the Phoenix B note.

In addition to the ongoing sale of parts of the portfolio by taking advantage of market opportunities, the EAA is working with the parties involved in Phoenix towards the implementation of further measures to optimize the wind-up result. These measures include both the active pursuit of legal measures in relation to individual portfolio securities and the restructuring of non-performing securities. Work continues in conjunction with PIMCO, the administrator of the Phoenix structure, on the optimization of market price and credit risk hedging in the Phoenix portfolio.

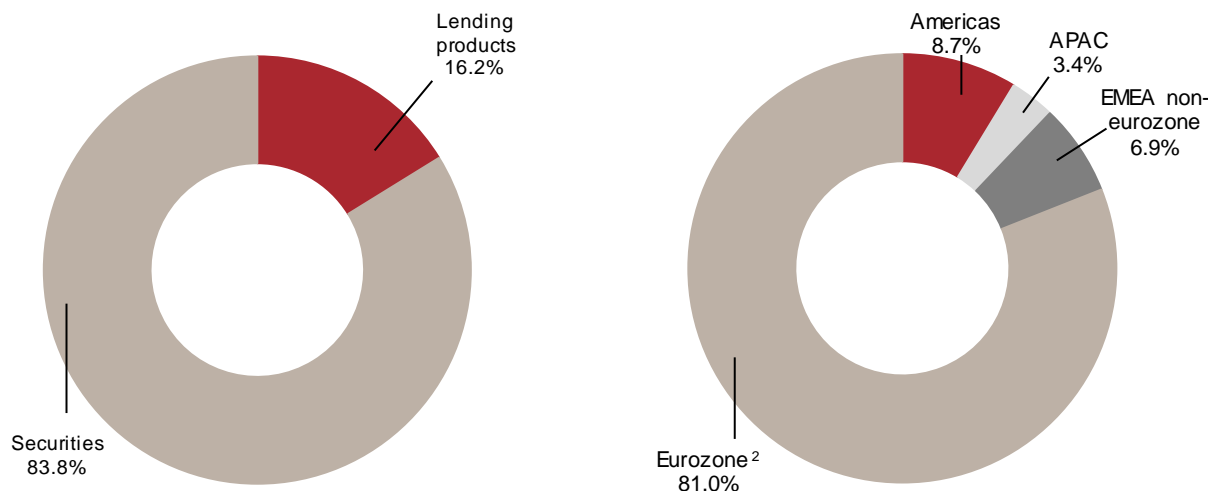
Public Finance

The exposure to the public sector (including the Public Finance positions from the NPL portfolio) as of March 31, 2014 comprise a total notional amount of EUR 8.6 billion.

Securities account for around 84% of the public sector exposure, in particular bonds issued by EU member states (including regional and municipal issuers). These are held in part directly by the EAA and partly by the EAA CBB. The majority of the remaining approximately 16% are lending transactions granted to federal states, municipalities or other public law institutions in Europe.

Breakdown of Public Finance exposure by product and region as at March 31, 2014

100% = EUR 8.6 billion¹



¹ Excluding exchange rate effects (based on exchange rates on December 31, 2011). Regional distribution by borrower or guarantor

² Of which EUR 4.9 billion (exposure without subsidiaries) is attributable to Cyprus, Greece, Ireland, Italy, Portugal, Slovenia, Spain and the EFSF. Further information can be found in the section "Exposures to selected EU member states"

Please note: The regions for the securities result from the main risk country for the asset pool, for projects at the location of the project as well as other items from the borrower or guarantors' country.

Credit risks – trading portfolio

Trading portfolio credit risks are divided into counterparty risks (pre-settlement risk and settlement risk) from derivatives and the issuer risk from securities.

Trading portfolio issuer risks from securities are calculated using mark-to-market approach, while those in the banking book are determined based on book values. When calculating replacement risks (pre-settlement risks) from derivatives, the EAA applies a portfolio simulation tool based on the Monte Carlo method. Settlement risks are determined using the payment due per value date. Credit risks from trading transactions are calculated daily using the corresponding credit lines. Risk-minimizing measures (such as close-out netting [offsetting] and collateral in the OTC derivatives business) are used wherever possible. Active hedging of risk positions only takes place with counterparties where corresponding master agreements are in place.

OTC derivative counterparty default risks are assessed independently of trading using credit valuation adjustments (CVA). When doing so, externally traded credit spreads, when 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 recovery rate. As at March 31, 2014 CVA amounted to EUR 35.7 million (at December 31, 2013: EUR 35.9 million).

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Counterparty and issuer risks

Direct counterparty risk

As the EAA concludes OTC derivatives both from the trading portfolio as well as the banking book and counterparty risks are measured and controlled per counterparty, the explanations and figures relate to the trading portfolio and the banking book.

	3/31/2014 Exposure EUR million	3/31/2014 Limit EUR million	12/31/2013 Exposure EUR million	12/31/2013 Limit EUR million
Counterparty risk OTC derivatives	939.2	8,053.5	974.8	7,963.5
Credit risk money market ¹	4,215.3	11,315.0	2,941.5	11,045.0
Counterparty risk repos	170.8	3,101.0	214.7	3,101.0

¹ All money market transactions with counterparties outside the EAA Group have a maximum maturity of three months with the exception of transactions with the Central Bank of Ireland and with Portugal; these transactions have maturities of in part more than three months.

Counterparty risks from OTC derivatives are driven by transactions for liquidity steering (foreign exchange swaps) and interest rate hedging instruments (interest rate swaps). 72.6% of the credit risks for money market transactions result from deposits at Portugal. As the EAA has sufficient liquidity on the reporting date, the utilization of the limits for repo transactions (EUR 170.8 million) is only approximately 5.5%.

Issuer risk

The following table shows issuer risks of the banking book broken down by sub-portfolio:

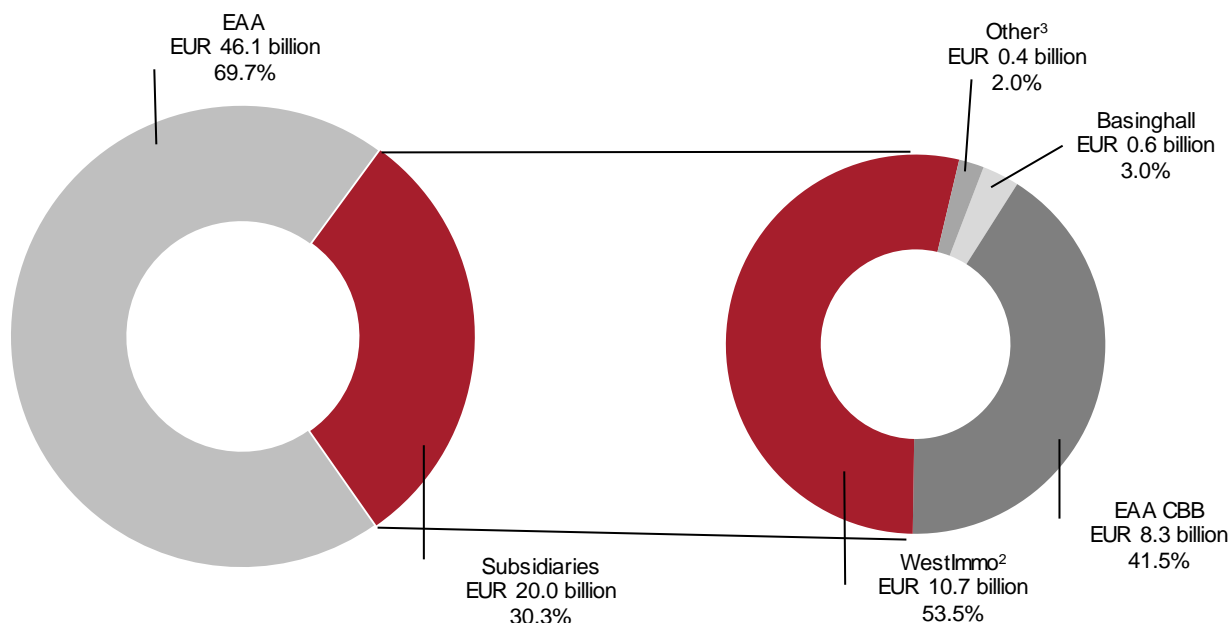
	< 1 Y EUR million	1 - 4 Y EUR million	4 - 8 Y EUR million	8 - 15 Y EUR million	> 15 Y EUR million	Total exposure EUR million
Public Finance	1,343.8	1,532.1	1,290.9	2,000.8	1,154.7	7,322.3
Financial Institutions	452.4	866.6	545.3	138.1	-	2,002.4
Other securities	104.1	294.7	139.6	978.6	2,223.3	3,740.3
Total 3/31/2014	1,900.3	2,693.4	1,975.8	3,117.5	3,378.0	13,065.0
Total 12/31/2013	1,812.5	3,146.3	2,032.6	3,145.8	3,741.7	13,878.9

The Public Finance subportfolio accounts for the largest share with EUR 7.3 billion,. The remaining issuer exposures are made up of Financial Institutions securities as well as Other securities, mainly student loans.

Issuer risks of the trading portfolio are low with EUR 82.0 million. EUR 66.2 million of this amount is attributable to securities and credit derivatives, with equities and equity derivatives accounting for an additional EUR 15.8 million.

Participation risks

Notional volumes held by subsidiaries in EUR billion¹



¹ Excluding exchange rate effects (based on exchange rates on December 31, 2011)

² Only WestImmo Commercial, excluding the retail portfolio

³ Others include primarily EAA KK

Participation risks result from the provision of subordinated capital and equity. The EAA's Strategic Project Management and Participation department is responsible for managing participations. The participation controlling is supported by the EAA's Controlling & Planning department.

The EAA's participation risk is primarily due to EAA CBB and WestImmo.

As at March 31, 2014, WestImmo holds a portfolio with a notional volume of EUR 10.7 billion (excluding the retail portfolio). The WestImmo portfolio primarily consists of commercial real estate financing and structured real estate transactions. WestImmo generally acts independently. The EAA is monitoring the WestImmo via the Supervisory Board. The EAA is continuing the privatization process of WestImmo that was initiated by the former WestLB at that time, and remains committed to its objective of selling WestImmo.

In the first quarter of 2014, the notional volume of EAA CBB declined by EUR 305.1 million, and the notional volume of Basinghall was reduced by EUR 21.4 million. The position "Other" primarily includes EAA KK.

EAA CBB, EAA KK and Basinghall are integrated into the EAA's risk management and business administration structure. These participations are subject to governance by the EAA and the EAA's approved internal limit system. EAA representatives are non-executive members of EAA CBB and Basinghall's supervisory bodies and committees and therefore exercise a control function.

Exposures to selected EU member states

As at March 31, 2014 the exposure of the EAA and its subsidiaries to Cyprus, Greece, Ireland, Italy, Portugal, Slovenia, Spain and the European Financial Stability Facility (EFSF) amounted to EUR 10.3 billion, of which EUR 1.2 billion were attributable to the WestImmo portfolio. The exposure to these countries decreased by EUR 0.7 billion in the first quarter of 2014. The reduction is mainly attributed to Italy (EUR -0.4 billion, especially Financial Institutions and Public Finance) and Spain (EUR -0.1 billion, especially Corporates and Financial Institutions).

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The total banking book exposure of the EAA and its subsidiaries to Cyprus, Greece, Ireland, Italy, Portugal, Slovenia, Spain and the EFSF is shown in the table below:

Country ¹	Debtor group	3/31/2014 Notional in EUR million ^{2,3}	12/31/2013 Notional in EUR million ^{2,3}
Greece	Corporates	24.8	31.5
	Financial Institutions	-	-
	Public Finance	-	-
Σ Greece		24.8	31.5
Ireland	Corporates	109.4	108.8
	Financial Institutions	-	7.3
	Public Finance	115.0	115.0
Σ Ireland		224.4	231.1
Italy	Corporates	1,722.3	1,793.0
	Financial Institutions	291.1	383.8
	Public Finance	2,274.5	2,525.6
Σ Italy		4,287.9	4,702.4
Portugal	Corporates	155.9	157.2
	Financial Institutions	15.0	15.0
	Public Finance	1,573.3	1,573.2
Σ Portugal		1,744.2	1,745.4
Slovenia	Financial Institutions	-	-
	Public Finance	40.0	40.0
Σ Slovenia		40.0	40.0
Spain	Corporates	2,049.9	2,093.9
	Financial Institutions	635.9	735.9
	Public Finance	1,214.6	1,216.0
Σ Spain		3,900.4	4,045.8
Cyprus	Corporates	66.0	66.0
	Public Finance	0.5	0.5
Σ Cyprus		66.5	66.5
EFSF	Public Finance	-	83.1
Σ EFSF		-	83.1
Total⁴		10,288.2	10,945.8
of which:	Corporates	4,128.3	4,250.5
of which:	Financial Institutions	942.0	1,142.0
of which:	Public Finance	5,217.9	5,553.4

¹ Economic view may differ from the borrower's legal country of residence (for Corporates and Financial Institutions)

² Based on current exchange rates as at March 31, 2014

³ Presentation of the notional volume, including hedges (net)

⁴ Including WestImmo Commercial (EUR 1,176.2 million) and EAA CBB (EUR 3,163.0 million)

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The total trading portfolio and ALM exposure of the EAA to banks, companies and governments in Cyprus, Greece, Ireland, Italy, Portugal and Spain is shown in the table below:

Product ¹	Value ²	Country ³	3/31/2014 EUR million ^{4,5}	12/31/2013 EUR million ^{4,5}
Bonds	Notional	Italy	0.6	0.7
Σ Bonds			0.6	0.7
Single CDS	Notional	Italy	-	-
		Portugal	-	-
		Spain	-	-
Σ Single CDS			-	-
Decomposed CDS	EaD	Italy	-	0.1
		Portugal	-	-
		Spain	-	-
Σ Decomposed CDS			-	0.1
Equities	MtM	Greece	-	0.1
		Italy	1.9	1.6
Σ Equities			1.9	1.7
Equity derivatives	EaD	Greece	-	-
		Italy	-1.2	-0.1
Σ Equity derivatives			-1.2	-0.1
Other derivatives	MtM	Ireland	1.1	5.1
		Italy	604.2	553.7
		Portugal	-	-
		Spain	236.0	198.4
		Cyprus	21.2	18.1
Σ Other derivatives			862.5	775.3
ALM	MtM	Ireland	4.0	0.1
		Italy	129.1	31.9
		Spain	200.0	-
Σ ALM			333.1	32.0

¹ CDS = credit default swaps; ALM = asset liability management (ALM cluster as part of the banking book is identified here as in the internal view and not as a banking book exposure); Derivatives = replacement risks from OTC derivatives and from CDS; Decomposed CDS = CDS positions that do not relate to an individual underlying but to a portfolio of underlying individual transactions such as a basket of reference debtors

² EaD = exposure at default; MtM = mark to market

³ Economic view may differ from the borrower's legal country of residence (for Corporates and Financial Institutions)

⁴ Based on current exchange rates as at March 31, 2014

⁵ Presentation of the notional volume, including hedges (net)

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 exposed to the trading portfolio and the banking book are limited separately. Market risk positions are controlled on a daily basis by the Treasury/Capital Markets department and are monitored and analyzed by Risk Controlling department.

Market price risks – banking book

As a result of the existing portfolio structure, there are interest rate and foreign exchange risks (particularly in relation to the US dollar), which are nearly fully hedged. In accordance with the risk profile, 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/or maturities, or by concluding derivatives transactions.

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Interest rate risk

EUR thousand	< 1 Y	1-4 Y	4-8 Y	8-15 Y	> 15 Y	Total
EAA Group 3/31/2014	25.5	-127.9	-124.7	-138.8	-3.7	-369.6
EAA Group 12/31/2013	264.0	-106.5	-152.7	-232.3	-21.3	-248.8

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

The interest rate sensitivity of EUR -369.6 thousand is higher than at the end of 2013 (EUR -248.8 thousand) due to the inclusion of the Phoenix notes in the interest rate risk calculation for the banking book. The utilization is within the limits.

Foreign exchange risk

EUR thousand	AUD	CZK	GBP	JPY	PLN	RUB	SGD	TRY	USD	Other	Total
EAA Group 3/31/2014	562.6	437.9	-1,739.2	616.1	117.7	69.5	431.2	131.5	50,663.2	5,240.7	56,531.2
EAA Group 12/31/2013	1,924.0	389.6	-13,234.9	-322.9	73.1	33.6	227.6	75.9	23,371.0	1,521.5	14,058.5

The currency position on the balance sheet (net per currency) for the banking book is EUR 56.5 million.

The equity risk is of minor significance to the EAA's banking book.

The non-linear risks in the portfolio were eliminated using micro-hedges resulting in a simple, linear risk profile. Micro-hedge effectiveness is assessed regularly.

The wind-up strategy aims to realize the intrinsic value of the exposure rather than steering based on short-term capital market fluctuations and associated credit-spread changes. 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

In the trading portfolio, equity price risks and, to a small extent, credit spread and commodity risks also exist alongside interest rate and foreign exchange risks. The trading portfolio predominantly includes derivative positions and thus also bears non-linear option risks. As is customary, the risk in the trading portfolio is hedged at portfolio level. This entails residual risks which change due to market movements and developments in the portfolio and are hedged dynamically (dynamic hedging strategy).

When monitoring and limiting risks, the EAA applies both a Value at Risk model (VaR model) and risk sensitivities. Risk management also makes use of a number of stress scenarios. The VaR model calculates interest rate risks, equity risks and foreign exchange risks (including commodity risks) for the trading portfolio including the respective volatility risks on a daily basis. A confidence level of 99% and a one-day holding period are assumed when calculating the VaR.

Historic and parametric stress tests are calculated weekly. These also simulate the effects of market price risks not covered by the VaR, independent of statistically observed probabilities of occurrence.

The relevant market price risk positions are continuously subjected to back testing. The actual market value changes (hypothetical income statement) are compared to the possible market value changes forecasted by the VaR model on a daily basis. In the first quarter of 2014, the results of the back testing did not exceed set thresholds at the highest level of the portfolio structure of the trading portfolio. From a statistical perspective, two to three exceeded limits must be taken into account per year for a VaR with a holding period of one trading day and a confidence level of 99%.

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	Value at risk 3/31/2014 EUR thousand	Value at risk 12/31/2013 EUR thousand
EAA Trading	1,409.7	1,864.0
Interest Rate Options	254.3	264.9
Interest Rate Exotics	871.1	1,038.8
Interest Rate Flow	310.7	652.0
Contingent Credit Risk	-	22.3
Corporate Synthetic Obligations	-	-
Basket Default Swaps	-	7.6
Credit Default Swaps	-	4.6
Credit Derivatives ¹⁾	20.0	-
Fund Derivs & Credit Repacks	3.4	18.8
Foreign Exchange Options and Hybrids	254.6	203.0
Foreign Exchange Forwards ¹⁾	-	15.5
Equity Flow Products ²⁾	-	13.9
Equity Structured Products	163.8	311.9
Muni GIC Portfolio	730.8	828.3
Commodities	9.6	13.6
Gold Aktiv Portfolio ²⁾	-	-
Other	-	-

¹⁾ The sub-cluster structure changed as at January 2, 2014. The Contingent Credit Risk, Corporate Synthetic Obligations, Basket Default Swaps and Credit Default Swaps sub-clusters are now included as subunits in the Credit Derivatives sub-cluster. The Foreign Exchange Forwards sub-cluster is now part of the Interest Rate Flow sub-cluster.

²⁾ The Equity Flow Products and Gold Aktiv Portfolio sub-clusters are no longer disclosed because no further risk exists.

The VaR for the trading portfolio decreased to EUR 1,409.7 thousand (December 31, 2013: EUR 1,864.0 thousand). This is mostly the result of the portfolio reduction and changed market parameters.

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 its liquidity planning and management process so as to ensure an optimal access to liquidity. Due to the liable stakeholders' and FMS' duty to offset losses incurred and their creditworthiness, the EAA is perceived positively in the capital markets. Therefore, there is less risk concerning the EAA's specific funding options but rather concerning the risk of systemic market illiquidity.

As at March 31, 2014 all stress scenarios demonstrated a viable liquidity situation. The capital commitment statement as of March 31, 2014 reports a liability surplus as in the previous year. The liability surplus is EUR 1.9 billion. The liquidity reserve consists of the collateralized liquidity (securities holdings of the portfolio, which can be used in bilateral repo transactions with high probability) and short-term investments. In the reporting period, liquidity reserves were always higher than the liquidity reserve requirements. At the time of the stress test on ultimo of March 2014, the liquidity reserve amounted to EUR 7.2 billion.

Operational risks

The EAA differentiates between operational risks within the EAA (including its subsidiaries) and risks from the outsourcing to Portigon and other service providers.

Operational risks within the EAA itself are determined by regular risk inventories. The EAA's most recent risk inventory revealed four valuation objects (1%) with high risks. Of the valuation objects, 13% are characterized by medium risks and 86% by low risks. The slight deterioration in the risk inventory was a result of uncertainties regarding service providers and possible regulatory changes.

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The EAA has outsourced key business processes to Portigon, which is undergoing a process of transformation to implement a restructuring ordered by the European Commission. In this context, the split-up of Portigon into Portigon AG (PAG) and Portigon Financial Services GmbH (PFS), for example, was prepared during the previous fiscal year and implemented in February 2014. Going forward, any additional operational risks possibly associated with this split-up will be covered by the existing range of risk management tools. Portigon's most recent risk inventory with respect to the EAA's processes showed a high risk for 8.1% of the valuation accounts, especially in the case of valuation accounts related to personnel.

The EAA has established a service provider management system to monitor the interface between the service provider and the EAA – as the recipient of services – in terms of content, form and quality. Using a continuous and timely process, the EAA accordingly ensures that the EAA's requirements, which are defined in service level agreements, are fulfilled by the service provider in the agreed form. In this process the EAA records the outsourcing risks and assesses them by applying a traffic light logic. During the first quarter of 2014 the quality of the rendered services was in line with the service level agreement.

Other risks

Reputational risks

Given the strong public interest in the EAA, reputational risks are of particular relevance. The EAA also attaches particular importance to its public image with respect to its funding options on the capital market.

The EAA has established behavioral rules for its employees in its "Code of Conduct". The EAA monitors all public reporting intensely to further minimize reputational risks. This also includes the reporting on subsidiaries in the wind-up portfolio. A coordinated and active communication and public relations support the EAA's reputation.

Legal risks

The EAA has appointed Portigon to manage the transferred assets. Accordingly, Portigon is responsible for promptly recognizing any legal risks arising in this context, and for communicating them in order to then mitigate or eliminate such risks to the greatest possible extent in consultation with the EAA.

The EAA has built up sufficient provisions and initiated other measures to cover judicial and extra-judicial disputes, such as those resulting from municipal lawsuits and investigations regarding potential manipulations in the trading activities of several banks.

Tax risks

The EAA uses clearly defined governance structures and processes to analyze and manage tax risks. Tax risks are cleared 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 risk situation

The EAA was established in order to assume the risk exposures and non-strategic business units from Portigon (formerly WestLB) and its domestic and foreign subsidiaries, and to wind these up based on a long-term wind-up plan while preserving value. Value fluctuations in the interim are of less significance.

Especially for this purpose the wind-up institutions pursuant to section 8a FMStFG are exempted from capital requirements, the obligation to prepare consolidated financial statements and other statutory provisions that apply to commercial banks. The EAA is thus primarily geared toward assuming credit and market price risks.

In its risk management activities, the EAA strives to reduce the risk resulting from the wind-up of the portfolio. To that end, wind-up success and deviations from the wind-up plan are continually monitored and held against the plan. Please refer to the section "Wind-up report" for more detailed information.

The liquidity risk is reduced at the same rate at which EAA progresses in borrowing refinancing loans at the capital markets that are largely congruous in terms of maturities and currencies. Due to its good rating, the EAA enjoys a stable funding situation.

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Market price risks are largely limited.

The EAA has introduced a tight service provider management system and an internal control system in order to manage operational risks.

The structured securities Phoenix and EUSS continue to constitute the largest individual risks. The US economy and development of the US real estate market play a prominent role in the EAA's risk situation. The EAA has provided sufficiently for all known risks. Its equity is available as aggregate risk cover for risks that are not yet currently foreseeable.

Risks resulting from the sovereign debt crisis, particularly for exposures in peripheral eurozone countries, are being monitored closely and in a timely fashion.

The requirements for the risk-bearing ability 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 wind-up plan as well as up-to-date variables and market parameters. This involves, in particular, the effects of changed framework conditions on equity in 2027. The analyses conducted as at March 31, 2014 have not given rise to any need for adjustments to the wind-up plan during the year.

In summary, the EAA perceives the risks assumed by it to be adequately covered, given its capital resources as well as the existing guarantee and the loss compensation 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 euro sovereign debt crisis entered a new phase in the summer of 2012 with the introduction of the Outright Monetary Transaction (OMT) program of the European Central Bank (ECB). Prior to the announcement of this program, political crises or accelerating downturns in the euro periphery had led with depressing regularity to notable declines in economic sentiment. This, in turn, triggered a widening of spreads in other economies that had initially not been affected. While at first only the very weakest of the peripheral nations (Ireland, Portugal and Greece) were affected by these contagion effects, this phenomenon spreaded to larger nations such as Italy and Spain, and even to the so-called semi-core or high-beta nations such as France and Belgium as the crisis lingered on.

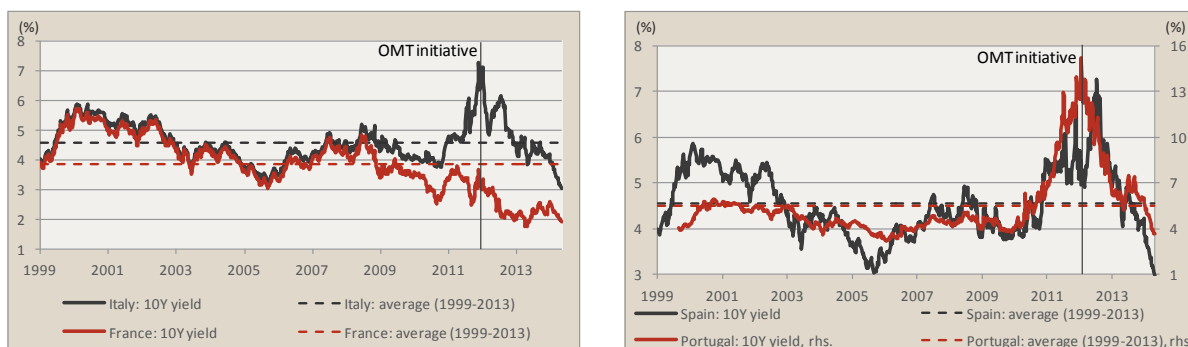
The solvency of eurozone countries is of the core of the European sovereign debt crisis. Because banks had exposed themselves heavily to government bonds from the euro periphery prior to the outbreak of the debt crisis, the deterioration in the credit quality of these peripheral economies soon affected the creditworthiness of the eurozone's banking sector in general. At the same time, the implicit guarantee of the eurozone countries as "buyers of last resort" had become increasingly worthless in the view of the financial markets because only the affluent economies at the core of the eurozone were able to provide government support. As a result, the crisis rapidly spreaded from governments to banks, simultaneously causing an even further deterioration in the creditworthiness of the governments. The high and growing indebtedness of peripheral economies made it impossible to recapitalize and stabilize stricken or faltering banks.

Consequently, the credit quality of the banks deteriorated, too. A country risk premium (risk surcharge compared to German government bonds) like the one seen in the markets for government bonds became increasingly prevalent in the pricing of bank bonds, corporate bonds, Pfandbriefe (german covered bonds) and loans. This led to further adverse effects and created a need for additional write-downs. The process of including various country risk premiums rescinded the integration of eurozone financial markets.

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Re-convergence of yields in the eurozone



Source: Bloomberg

This phenomenon, known as the fragmentation of the eurozone financial market, has only been on the decline since the presentation of the European Central Bank's new program to acquire government bonds issued by peripheral countries. The valuation of risky financial products in the eurozone is normalizing. This process is not just limited to the aforementioned financial products; it also applies to other parts of the eurozone credit market (such as promissory note loans, traditional loans, project financing). The EAA's portfolios profit from this normalization as the "pricing out" of additional country risk premiums means that price will recover considerably.

In the coming months this effect in the financial markets may become even more pronounced. As described in the section "Macroeconomic and industry-specific conditions," many national economies in the eurozone (especially Spain and Portugal) appear to have bottomed out in terms of economic activity. Should this growth trend reversal in the peripheral countries be confirmed, it would increase investors' risk appetite and boost demand for investments in these countries. Should European banks continue their balance sheet repairs, this will mean further progress in the resolution of the crisis. As the balance sheets of the banks in the euro periphery recover, these banks will again be able to perform their primary function as intermediaries for capital, thus enabling them to provide new credit to the real economy. This would result in a further boost to growth in the euro periphery, as access to new loans has been difficult for businesses in Spain, Portugal or Italy in the recent past.

This process is likely to continue in 2014. The ECB's OMT program has created new confidence in the euro periphery. At the same time, the euro crisis was a key catalyst for the region. Many structural problems in the peripheral states (such as rigid labor and product markets, a retirement age that is too low, incorrect export mix) have been resolved, thereby increasing the competitiveness of these countries. This process is expected to continue in the coming months.

Even though conditions in the eurozone are progressively improving and most forecasts by economic analysts at banks suggest that 2014 will be a better year than 2013 or 2012 from an economic perspective, this does not mean that the financial markets are in the clear. The consequence of the improved growth prospects of the developed economies – above all the US and Great Britain, but also those in the eurozone – is that investors are withdrawing more capital from the emerging markets. These outflows of capital are reducing the growth prospects of these nations to the extent that they could lose their momentum as drivers of global growth. Such a development would have an especially negative effect on the EAA's project-finance portfolio.

Forecast report

The EAA aims to wind up around 50% of the notional volume in the banking book as at December 31, 2013 by the end of 2016 (including the exposures held by subsidiaries). This corresponds to a comparable balance sheet reduction of 46%.

The original wind-up plan for the reduction of the total assets remains on schedule.

The EAA still aims to wind up more than 75% of the transferred banking book by 2016 (including the exposures held by the subsidiaries).

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The current wind-up plan for 2014 provides for a reduction of the notional volume in the banking book of around 18% to about EUR 58 billion through both active measures and contractual maturities.

As for the transferred trading portfolios, the EAA aims to reduce the notional volume by more than 70% of the transferred value by the end of 2016. The corresponding book values will decrease to the same extent during this period.

The current wind-up plan for 2014 provides for a reduction of the notional volume of the trading portfolio of around 22% to about EUR 501 billion. The EAA will continue to analyze the extent to which a faster wind-up of the transferred trading portfolio can be conducted in an effective and cost-efficient manner.

In the 2014 fiscal year net interest income and net fee and commission income will probably decrease as the volume of the portfolio declines. A forecast for the trading result and for the result of risk provisions is difficult due to the imponderables with respect to developments on the global financial and other markets. The EAA will continue to adhere to its value-preserving wind-up strategies.

Additionally, the EAA's wind-up planning does not include any provision for making use of the existing liability guarantees.

As in previous years, the EAA's wind-up activities in 2014 and beyond will focus on premature portfolio-reduction measures and active participation management.

For 2014 the EAA has again defined a sale portfolio as its objective. In light of this, a number of exposures in the credit and securities portfolio have been identified that hold potential for sales, terminations or early redemptions. It should be noted that this course of action is subject to the overriding goal of minimizing losses while taking into account expected risk developments.

Independent of the sale portfolio for 2014, the EAA continues to pursue an opportunistic approach by conducting regular analyses of market conditions and possible exit opportunities in order to assess premature and profitable wind-up potentials for all positions of the portfolio.

The presentation of economic conditions clearly shows that attempting to emerge from a debt crisis by means of cutbacks is a very long process. Empirical studies of sovereign debt crises have revealed that such crises tend to last a good 25 years. Nevertheless, the EAA's ambitious long-term goals continue to be supported by current economic development. Despite difficult framework conditions in individual countries, there have recently been positive developments in global economic activity and this gives us good reason to have a positive outlook for the medium term. Above all, the economic situation in the industrial countries has improved noticeably. This is evident in the robust growth in the USA as well as further improvement of the fundamental data in the eurozone, where GDP growth is again forecast in 2014.

Subsequent events

There are no reportable events affecting any risk exposures transferred to or guaranteed by the EAA.

Balance sheet

Assets

	Note	EUR	EUR	3/31/2014 EUR	12/31/2013 EUR
1. Cash reserve					
a) Balances with central banks			170		(230)
of which:					
with Deutsche Bundesbank EUR 170 (py: EUR 230)				170	230
2. Loans and advances to banks	3, 27				
a) payable on demand		7,285,895,050			(6,671,729,501)
b) other loans and advances		8,935,736,853			(8,213,339,021)
				16,221,631,903	14,885,068,522
3. Loans and advances to customers	4, 5, 14, 27			14,638,596,487	15,711,872,873
of which:					
secured by mortgage charges EUR 315,044,125 (py: EUR 324,108,660)					
Public-sector loans EUR 928,083,548 (py: EUR 945,382,323)					
4. Bonds and other fixed-income securities	6, 15, 27				
a) Bonds issued by					
aa) public issuers		1,862,509,226			(1,919,896,885)
of which:					
eligible as collateral with Deutsche Bundesbank EUR 1,728,724,896 (py: EUR 1,785,526,385)					
ab) other issuers		15,129,581,818			(16,493,114,113)
of which:					
eligible as collateral with Deutsche Bundesbank EUR 1,659,127,964 (py: EUR 2,015,135,877)					
			16,992,091,044		(18,413,010,998)
b) Own bonds Notional value EUR 602,241,000 (py: EUR 442,411,000)			603,278,385		(443,756,946)
				17,595,369,429	18,856,767,944
5. Equities and other non-fixed-income securities	7, 14			35,357,720	35,713,403
5a. Trading portfolio	8			27,724,974,461	26,897,754,743
6. Long-term equity investments	9			104,526,658	105,112,448
of which:					
in banks EUR 12,421,102 (py: EUR 12,421,102)					
in financial service providers EUR 0 (py: EUR 0)					
7. Shares in affiliates	10			1,787,703,109	1,790,922,575
of which:					
in banks EUR 1,723,080,973 (py: EUR 1,722,941,373)					
in financial service providers EUR 10,727,034 (py: EUR 10,719,705)					
8. Trust assets	11			909,630	915,070
of which:					
trust loans EUR 909,630 (py: EUR 915,070)					
9. Intangible assets					
a) paid concessions, trademarks and similar rights and values such as licenses in such rights			37,926		(50,036)
				37,926	50,036
10. Tangible fixed assets				192,743	186,674
11. Other assets	12			333,962,467	559,917,010
12. Prepaid expenses/accrued income	13			61,208,692	66,866,534
Total assets				78,504,471,395	78,911,148,062

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Liabilities and Equity

	Note	EUR	EUR	3/31/2014 EUR	12/31/2013 EUR
1. Deposits from banks	13, 16				
a) payable on demand			2,460,286,207		2,144,560,920
b) with an agreed maturity or withdrawal notice			3,295,126,757		3,839,763,162
				5,755,412,964	5,984,324,082
2. Deposits from customers	13, 17				
other deposits					
a) payable on demand			118,508,406		122,221,081
b) with an agreed maturity or withdrawal notice			6,973,198,013		6,609,753,908
				7,091,706,419	6,731,974,989
3. Debt securities in issue	13, 18				
a) Bonds			1,214,253,768		2,786,995,201
b) Other debt securities in issue			35,568,886,909		35,336,527,749
of which:					
money market instruments EUR 8,052,914,683 (py: EUR 6,733,598,662)					
				36,783,140,677	38,123,522,950
3a. Trading portfolio	19			27,883,631,354	27,119,574,619
4. Trust liabilities	20			909,630	915,070
of which:					
trust loans EUR 909,630 (py: EUR 915,070)					
5. Other liabilities	21			9,625,485	9,687,797
6. Accruals/deferred income	22			32,841,353	34,552,072
7. Provisions	23				
a) tax provisions			2,385,731		2,338,097
b) Other provisions			372,175,868		339,033,316
				374,561,599	341,371,413
8. Fund for general bank risks				9,323,140	9,323,140
of which special item pursuant to § 340e (4) HGB EUR 9,323,140 (py: EUR 9,323,140)					
9. Equity	24				
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			-2,452,849,848		-2,460,266,692
				563,318,774	555,901,930
Total liabilities and equity				78,504,471,395	78,911,148,062
1. Contingent liabilities	29				
Liabilities on guarantees and warranties			11,418,633,360		(11,595,387,164)
				11,418,633,360	11,595,387,164
2. Other obligations	29				
Irrevocable loan commitments			4,514,744,849		(4,633,129,161)
				4,514,744,849	4,633,129,161

Income statement

	Note	EUR	EUR	1/1 - 3/31/2014 EUR	1/1 - 3/31/2013 EUR
1. Interest income from	25				
a) Lending and money market transactions		154,152,439			(252,681,975)
b) Fixed-income securities and debt register claims		52,032,912			(76,097,061)
			206,185,351		(328,779,036)
2. Interest expense			167,707,259		(251,970,296)
				38,478,092	76,808,740
3. Current income from	25				
a) Equities and other non-fixed-income securities			2,643		(152,926)
b) Long-term equity investments			410,356		(176,572)
c) Shares in affiliates			95,028		(53,322)
				508,027	382,820
4. Fee and commission income	25		24,285,155		(30,684,683)
5. Fee and commission expense			8,625,395		(5,342,895)
				15,659,760	25,341,788
6. Net trading result				-4,876,237	7,856,724
7. Other operating income	25, 26			612,771	133,855
8. General and administrative expenses					
a) Personnel expenses					
aa) Wages and salaries		4,789,941			(3,977,060)
ab) Compulsory social security contributions and expenses for pensions and other employee benefits		372,370			(345,404)
of which:					
for pensions EUR 0 (py: EUR 0)			5,162,311		(4,322,464)
b) Other administrative expenses			76,880,045		(87,782,666)
				82,042,356	92,105,130
9. Depreciation and write-offs of claims and certain securities as well as additions to provisions in the lending business				18,347	16,683
10. Other operating expenses	26			826,394	2,047,659
11. Depreciation and write-offs of claims and certain securities as well as additions to provisions in the lending business	23, 27			0	108,444,094
12. Income from reversals of write-offs of loans and advances and certain securities and from reversals of loan loss provisions	23, 27			45,480,723	0
13. Depreciation and write-offs on long-term equity investments shares in affiliates and long-term securities	27			5,304,837	0
14. Income from appreciations of long-term equity investments, shares in affiliates and long-term securities	27			0	118,581,662
15. Result from ordinary activities				7,671,202	26,492,023
16. Taxes on income and earnings	28			254,358	128,779
17. Other taxes not reported under item 10				0	0
18. Net profit of the year				7,416,844	26,363,244
19. Net retained losses brought forward				-2,460,266,692	-2,519,309,075
20. Net retained losses				-2,452,849,848	-2,492,945,831

Cash flow statement

	1/1 - 3/31/2014 EUR	1/1 - 3/31/2013 EUR
1. Result for the period before extraordinary items	7,416,844	26,363,245
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, amortization on tangible fixed assets and long term financial assets as well as the reversal thereof	-42,783,598	20,630,780
3. +/- Increase/decrease in provisions	33,190,186	-41,378,607
4. +/- Other non-cash income/expense	-75,163,557	612,599,611
5. +/- Gain/loss on disposal of long-term financial assets and tangible fixed assets	-2,168,816	-6,287,551
6. +/- Other adjustments (net)	-38,731,761	-77,062,781
7. = Subtotal	-118,240,704	534,864,697
Change in operating assets and liabilities		
8. Loans and advances (no trading portfolio)		
8a. +/- – to banks	-1,502,459,304	-873,274,790
8b. +/- – to customers	1,127,357,771	1,007,245,845
9. +/- Securities (no trading portfolio)	1,252,359,009	2,965,335,031
10. +/- Trading assets	144,845,045	-8,052,423
11. +/- Other operating assets	228,755,330	265,595,904
12. Deposits (no trading portfolio)		
12a. +/- – from banks	-224,943,555	75,941,460
12b. +/- From customers	337,952,695	-215,541,100
13. +/- Debt securities in issue	-1,229,518,835	-5,907,636,682
14. +/- Trading liabilities	-132,844,471	-527,398,372
15. +/- Other operating liabilities	-79,660	469,607,298
16. + Interest and dividends received	210,744,998	320,984,145
17. – Interest paid	-249,540,718	-139,739,979
18. + Extraordinary receipts	0	0
19. – Extraordinary payments	0	0
20. +/- Income tax payments	-902,663	-1,265,749
21. = Cash flows from operating activities	-156,515,062	-2,033,334,714
22. Proceeds from disposal of	0	0
22a. + – long-term financial assets	-625,902	17,170,174
22b. + – tangible fixed assets	0	0
23. Purchase of	0	0
23a. – – long-term financial assets	-840,447	-45,683,883
23b. – – tangible fixed assets	-12,307	-42,116
24. + Receipts from disposal of consolidated subsidiaries and other business units	0	0
25. – Purchase of consolidated subsidiaries and other business units	0	0
26. +/- Changes in cash due to other investing activities (net)	0	0
27. = Cash flows from investing activities	-1,478,655	-28,555,825
28. + Cash receipts from issue of capital	0	0
29. Cash payments to owners and minority shareholders	0	0
29a. – – Dividend payments	0	0
29b. – – Other payments	0	0
30. +/- Changes in other capital (net)	0	0
31. = Cash flows from financing activities	0	0
32. Net change in cash funds (sum of 21, 27, 31)	-157,993,717	-2,061,890,539
33. +/- Effect on cash funds of exchange rate movements, changes in reporting entity structure and remeasurement	0	0
34. + Cash funds at beginning of period	163,239,343	2,367,478,189
35. = Cash funds at end of period	5,245,626	305,587,650

The reported cash and cash equivalents contain the current accounts maintained at Portigon and Deutsche Bundesbank (demand positions). Further cash funds in the sense of German Accounting Standard (DRS) 2.16 et seq. do not exist at the present time.

Statement of changes in equity

	Balance as of 1/1/2014 EUR	Transfer related changes EUR	Other change in capital EUR	Appropriation of the result EUR	Balance as of 3/31/2014 EUR
Called capital	500,000	0	0	0	500,000
Capital reserves	3,013,237,214	0	0	0	3,013,237,214
Other revenue reserves	2,431,408	0	0	0	2,431,408
Net retained losses	-2,460,266,692	0	0	7,416,844	-2,452,849,848
Equity under HGB	555,901,930	0	0	7,416,844	563,318,774

	Balance as of 1/1/2013 EUR	Transfer related changes EUR	Other change in capital EUR	Appropriation of the result EUR	Balance as of 3/31/2013 EUR
Called capital	500,000	0	0	0	500,000
Capital reserves	3,026,337,214	0	0	0	3,026,337,214
Other revenue reserves	2,431,408	0	0	0	2,431,408
Net retained losses	-2,519,309,076	0	0	26,363,245	-2,492,945,831
Equity under HGB	509,959,546	0	0	26,363,245	536,322,791

Condensed notes

for the period from January 1 to March 31, 2014

General disclosures

1. Preparation of the interim financial statements

In accordance with section 8a (1) sentence 10 in conjunction with section 3a (4) of the FMStFG and the additional guidance of the EAA's charter, these interim financial statements have been prepared under the provisions of the German Commercial Code (Handelsgesetzbuch – HGB) for large public companies and the German Ordinance on Accounting for Banks (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute – RechKredV). The condensed financial statements comply in particular with the requirements of DRS No. 16 (Interim Reporting).

The information contained in this report should be read in conjunction with that contained in the published and audited financial statements for the fiscal year from January 1 to December 31, 2013. All facts were considered up to the time these interim financial statements were prepared.

2. Accounting and measurement principles

The same accounting and measurement principles were applied to the interim financial statements as to the financial statements for the financial year from January 1 to December 31, 2013.

The assumptions and estimates required, in particular in connection with illiquid portfolios, are based on subjective management judgment and inevitably entail projection uncertainties. Even if, in the scope of the estimates, the available information, historical experience and other evaluation factors have been relied upon, the actual future events may differ from the estimates. This may also have a material impact on the asset and financial position as well as the earnings situation. In the EAA's opinion, the parameters used are appropriate and acceptable.

Notes on the balance sheet

3. Loans and advances to banks

	3/31/2014 EUR million	12/31/2013 EUR million
Carrying amount	16,221.6	14,885.1
of which:		
– to affiliates	5,064.5	4,388.1
– to long-term equity investments	-	-
payable on demand		
due	7,285.9	6,671.7
– within 3 months	7,218.2	6,736.8
– 3 months to 1 year	690.7	377.1
– 1 to 5 years	771.5	820.9
– after 5 years	255.3	278.6

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4. Loans and advances to customers

	3/31/2014 EUR million	12/31/2013 EUR million
Carrying amount	14,638.6	15,711.9
of which:		
– to affiliates	1,240.2	734.6
– to long-term equity investments	297.7	308.5
due		
– within 3 months	2,135.5	2,494.6
– 3 months to 1 year	2,495.4	2,187.2
– 1 to 5 years	5,536.8	6,263.2
– after 5 years	4,470.9	4,766.9

5. Loans and advances secured by mortgages

	3/31/2014 EUR million	12/31/2013 EUR million
Carrying amount	315.0	324.1
Loans and advances to customers due		
– within 3 months	11.1	5.3
– 3 months to 1 year	30.4	36.7
– 1 to 5 years	55.9	57.4
– after 5 years	217.6	224.7

6. Bonds and other fixed-income securities

	3/31/2014 EUR million	12/31/2013 EUR million
Carrying amount	17,595.4	18,856.8
of which:		
- Amounts due in the following year	1,524.4	1,404.6
Breakdown		
– Money market instruments	-	-
– Bonds issued by public issuers	1,862.5	1,919.9
– Bonds issued by other issuers	15,129.6	16,493.1
– Own bonds	603.3	443.8
Breakdown by marketability		
– Marketable securities	17,595.4	18,856.8
of which:		
– listed	4,533.4	4,836.5
– unlisted	13,062.0	14,020.3
Breakdown by type		
– Liquidity reserve	603.3	443.8
– Investment securities	16,992.1	18,413.0
Breakdown by affiliation		
– Securities of affiliated companies	479.9	477.1
– Securities of other investees and investors	-	-

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7. Equities and other non-fixed income securities

	3/31/2014 EUR million	12/31/2013 EUR million
Carrying amount	35.4	35.7
Breakdown by marketability		
– Marketable securities	25.4	25.7
of which:		
– listed	5.8	6.1
– unlisted	19.6	19.6
Breakdown by type		
– Liquidity reserve	5.4	5.4
– Investment securities	30.0	30.3

8. Trading portfolio

	3/31/2014 EUR million	12/31/2013 EUR million
Carrying amount	27,725.0	26,897.8
of which:		
– Derivative financial instruments	27,673.3	26,844.0
– Loans and advances	2.2	2.2
– Bonds and other fixed-income securities	0.7	4.6
– Equities and other non-fixed-income securities	53.3	52.9
– Risk allowance pursuant to § 340 e (3) sentence 1 HGB	-4.5	-5.9

9. Long-term equity investments

	3/31/2014 EUR million	12/31/2013 EUR million
Carrying amount	104.5	105.1
of which:		
– in banks	12.4	12.4
– in financial service providers	-	-
Breakdown by marketability		
– Marketable securities	22.4	22.4
of which:		
– listed	-	-
– unlisted	22.4	22.4

10. Shares in affiliates

	3/31/2014 EUR million	12/31/2013 EUR million
Carrying amount	1,787.7	1,790.9
of which:		
– in banks	1,723.1	1,722.9
– in financial service providers	10.7	10.7
Breakdown by marketability		
– Marketable securities	1,184.6	1,184.6
of which:		
– unlisted	1,184.6	1,184.6

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11. Trust assets

	3/31/2014 EUR million	12/31/2013 EUR million
Carrying amount	0.9	0.9
of which:		
– Loans and advances to customers	0.9	0.9

12. Other assets

	3/31/2014 EUR million	12/31/2013 EUR million
Carrying amount	334.0	559.9
of which:		
– Currency translation adjustments	229.9	432.5
– Guarantee fees and commissions	41.0	21.8
– Tax refund claims	11.8	11.3
– Receivables from profit and loss pooling agreements	11.4	61.6
– Premiums for options	2.1	2.1

13. Prepaid expenses/accrued income

	3/31/2014 EUR million	3/31/2013 EUR million
Carrying amount	61.2	66.9
of which:		
– Non-recurring payments on swaps	36.3	42.5
– Discount on issuing business	19.7	19.6
– Discount on liabilities	3.6	3.8
– Other	1.6	1.0

14. Subordinated assets

Subordinated assets are included in:

	3/31/2014 EUR million	12/31/2013 EUR million
Loans and advances to customers	524.3	392.1
of which:		
– to affiliates	129.9	-
– to long-term equity investments	1.9	1.9
Equities and other non-fixed-income securities	29.6	29.6
of which:		
– to affiliates	-	-
– to long-term equity investments	-	-
Total	553.9	421.7

15. Assets sold under repurchase agreements

The carrying amount of the assets sold under repurchase agreements is EUR 0.2 million (previous year: EUR 0.2 million).

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16. Deposits from banks

	3/31/2014 EUR million	12/31/2013 EUR million
Carrying amount	5,755.4	5,984.3
of which:		
– to affiliates	281.2	185.5
– to long-term equity investments	-	-
Payable on demand	2,460.3	2,144.6
due		
– within 3 months	724.7	641.1
– 3 months to 1 year	455.6	965.6
– 1 to 5 years	1,849.6	1,987.4
– after 5 years	265.2	245.6

17. Deposits from customers

	3/31/2014 EUR million	12/31/2013 EUR million
Carrying amount	7,091.7	6,732.0
of which:		
– to affiliates	-	-
– to long-term equity investments	-	-
Other deposits	7,091.7	6,732.0
of which:		
– payable on demand	118.5	122.2
due		
– within 3 months	2,082.7	1,340.6
– 3 months to 1 year	583.9	675.7
– 1 to 5 years	1,717.1	1,911.0
– after 5 years	2,589.5	2,682.5

18. Debt securities in issue

	3/31/2014 EUR million	12/31/2013 EUR million
Carrying amount	36,783.1	38,123.5
of which:		
– to affiliates	-	-
– to long-term equity investments	-	-
Bonds	1,214.3	2,787.0
of which:		
- Amounts due in the following year	981.3	1,806.9
Other debt securities in issue	35,568.8	35,336.5
of which due:		
– within 3 months	8,978.6	9,650.0
– 3 months to 1 year	6,033.3	4,037.5
– 1 to 5 years	20,402.4	21,494.5
– after 5 years	154.5	154.5

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19. Trading portfolio

	3/31/2014 EUR million	12/31/2013 EUR million
Carrying amount	27,883.6	27,119.6
of which:		
– Derivative financial instruments	27,882.8	27,119.4
– Liabilities	0.8	0.2

20. Trust liabilities

	3/31/2014 EUR million	12/31/2013 EUR million
Carrying amount	0.9	0.9
of which:		
– Deposits from banks	0.2	0.2
– Deposits from customers	0.7	0.7

21. Other liabilities

	3/31/2014 EUR million	12/31/2013 EUR million
Carrying amount	9.6	9.7
of which:		
– Deposits from the assumption of losses	4.3	4.3
– Payable syndication fees	2.3	2.3
– Premiums from options	2.1	2.1
– Obligations from swap transactions	0.1	0.1

22. Accruals/deferred income

	3/31/2014 EUR million	12/31/2013 EUR million
Carrying amount	32.8	34.6
of which:		
– Non-recurring payments on swaps	23.1	23.5
– Premium on issuing business	7.6	8.9
– Premiums for sold interest rate caps and floors	1.2	1.3
– Other	0.9	0.9

23. Provisions

	Balance as of 12/31/2013 EUR million	Additions EUR million	Unwinding of discount EUR million	Charge-offs EUR million	Reversals EUR million	Other changes EUR million	Final balance 3/31/2014 EUR million
Taxes	2.4	-	-	-	-	-	2.4
Other provisions	339.0	44.6	0.3	15.3	2.0	5.6	372.2
– Loans	198.5	6.3	-	0.7	1.5	-0.5	202.1
– Long-term equity investments	19.9	-	0.1	-	-	0.1	20.1
– Legal actions	16.0	-	0.1	-	0.4	-	15.7
– Personnel	0.3	-	-	-	-	-	0.3
– Other	104.3	38.3	0.1	14.6	0.1	6.0	134.0
Total	341.4	44.6	0.3	15.3	2.0	5.6	374.6

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24. Equity

The EAA's subscribed capital amounts to EUR 500,000.00 as at March 31, 2014.

From the transfers in the scope of the first fill, the EAA received additions to the capital reserve in the amount of EUR 3,137.0 million. Due to the refill in fiscal year 2012 the capital reserve was reduced by EUR 123.8 million, of which EUR 13.1 million in 2013 were due to a contractual value adjustment clause. This reduction is essentially caused by the measures agreed in the content of the key point agreement dated June 29, 2011 and the binding transcript dated June 18, 2012.

Other reserves amounted to EUR 2.4 million and result from the reversal of provisions for which the carrying amounts were reduced as a result of the change in the measurement of obligations under the German Accounting Law Modernization Act (Bilanzrechtsmodernisierungsgesetz – BilMoG).

The EAA's net profit for the first quarter of 2014 amounts to EUR 7.4 million and decreases net retained losses carried forward to EUR 2,452.8 million as at March 31, 2014.

Notes on the income statement

25. Geographical breakdown of income components

The EAA's key income statement income components were generated in the following geographical markets:

	Interest income	Current income	Fee and commission income	Other operating income
	1/1 - 3/31/2014	1/1 - 3/31/2014	1/1 - 3/31/2014	1/1 - 3/31/2014
	EUR million	EUR million	EUR million	EUR million
Germany	144.5	0.4	22.1	0.6
United Kingdom	30.8	-	1.5	-
Rest of Europe	1.3	-	0.4	-
Far East and Australia	6.0	-	-	-
North America	23.6	0.1	0.3	-
Income statement amount	206.2	0.5	24.3	0.6

The geographical attribution of the income is on the basis of the domicile of the corporate entities in the EAA and in dependence on the operating branch office structure of Portigon

26. Other operating and prior-period expenses and income

Net other operating expenses and income in the first quarter of 2014 amount to EUR -0.2 million (previous year: EUR -1.9 million) and consist of EUR 0.8 million (previous year: EUR 2.0 million) in expenses and EUR 0.6 million (previous year: EUR 0.1 million) in income.

There were no material prior-period expenses and income in either the first quarter of 2014 or in the previous year.

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27. Risk provision

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

	1/1 - 3/31/2014 EUR million	1/1 - 3/31/2013 EUR million
Risk provision and financial investment result (regarding § 40 RechKredV)	40.2	10.2
Loans and securities income/expense	45.5	-108.4
of which: - Lending operations	45.5	-110.8
- Securities	-	2.4
Equity investments and securities income/expenses	-5.3	118.6
of which: - Long-term equity investments	-5.3	2.3
- Securities	-	116.3
Risk provision and financial investment result (regarding risk report)	40.2	10.2
Result of risk provisions - loans and advances/securities due to credit risk	43.3	5.3
of which: - Lending operations	37.6	-10.6
- Structured securities	5.7	15.9
Net income from investment securities and long-term equity investments	-3.1	4.9

The EAA always makes use of the options available under section 340f (3) and section 340c (2) of the HGB. Under section 340f (3) of the 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. The net income amounts to EUR 45.5 million (previous year: net expense of EUR 108.4 million). According to section 340c (2) of the HGB, the expenses for long-term equity investments, shares in affiliates as well as for securities of the fixed assets may be offset against the corresponding earnings. Overall, the EAA shows an expense of EUR 5.3 million (previous year: income of EUR 118.6 million) as the risk result for equity investments and securities.

28. Taxes on income and earnings and other taxes

Taxes on income and earnings amounting to EUR 0.3 million (previous year: EUR 0.1 million) primarily relate to foreign taxes.

Other disclosures

29. Contingencies

Contingent liabilities

Contingent liabilities amounting to EUR 11.4 billion (previous year: EUR 11.6 billion) primarily resulted from guarantees for Portigon's risk exposures. They include obligations from credit default swaps amounting to EUR 738.0 million (previous year: EUR 739.7 million). Regarding these contingent liabilities, the EAA has no detailed knowledge whether, when, or the extent to which these specific contingent liabilities will be realized. A provision will be made as soon there are sufficient concrete indications of probable losses being realized on the contingent liabilities.

Other liabilities

The reported volume of EUR 4.5 billion (previous year: EUR 4.6 billion) is due to the lending business. The EAA constantly reviews whether losses from other liabilities are impending and if a provision needs to be made for impending losses from pending transactions.

30. Forward contracts/derivative financial instruments

As part of its business activities, the EAA enters into forward contracts and derivative financial instruments of the following types:

- **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**
Cross-currency interest rate swaps, forward cross-currency interest rate swaps, forward exchange contracts and currency option contracts
- **Equity- and other price-related products**
Share options, index options, share and index warrants in issue
- **Credit derivatives**
Credit default swaps, total return swaps and credit linked notes

The total volume of forward transactions and derivatives transactions on the reporting date amounts, based on notional values, to EUR 627.1 billion (previous year: EUR 669.9 billion). The focus is unchanged on interest rate-related products whose share declined to 83.5 % (previous year: 83.8 %) of the total volume.

If they are exchange-traded, derivative financial instruments are measured at the market price at the balance sheet date. For non-exchange-traded derivatives, market values were determined on the basis of actuarial measurement models as well as valuation parameters available on the market (e.g. including interest rates, interest rate volatilities, exchange rates).

Derivative financial instruments – Volume as of the balance sheet date

	Notional amount		Positive market values		Negative market values	
	3/31/2014 EUR million	12/31/2013 EUR million	3/31/2014 EUR million	12/31/2013 EUR million	3/31/2014 EUR million	12/31/2013 EUR million
Interest rate-related products	523,418.2	561,039.4	26,322.4	25,098.7	25,706.2	24,504.7
OTC products	522,850.7	560,153.2	26,322.4	25,098.7	25,706.2	24,504.7
Exchange-traded products	567.5	886.2	-	-	-	-
Currency-related products	100,350.8	105,662.5	1,880.7	2,290.4	1,540.1	1,780.4
OTC products	100,350.8	105,662.5	1,880.7	2,290.4	1,540.1	1,780.4
Equity- and other price-related products	1,188.7	843.1	216.4	201.2	302.6	300.8
OTC products	1,188.7	843.1	216.4	201.2	302.6	300.8
Credit derivatives	2,177.0	2,346.8	21.3	41.4	23.9	48.0
OTC products	2,177.0	2,346.8	21.3	41.4	23.9	48.0
Total derivative financial instruments	627,134.7	669,891.8	28,440.8	27,631.7	27,572.8	26,633.9
OTC products	626,567.2	669,005.6	28,440.8	27,631.7	27,572.8	26,633.9
Exchange-traded products	567.5	886.2	-	-	-	-

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The average annual notional values of forward contracts and derivatives transactions amounted to EUR 648.5 billion during the current fiscal year 2014 (previous year: EUR 752.9 billion).

Derivative financial instruments – Average volumes

	Notional amount		Positive market values		Negative market values	
	3/31/2014 EUR million	12/31/2013 EUR million	3/31/2014 EUR million	12/31/2013 EUR million	3/31/2014 EUR million	12/31/2013 EUR million
Interest rate-related products	542,228.9	631,352.2	25,710.6	29,897.9	25,105.5	29,240.5
OTC products	541,502.0	630,067.4	25,710.6	29,897.9	25,105.5	29,240.5
Exchange-traded products	726.9	1,284.8	-	-	-	-
Currency-related products	103,006.7	117,413.8	2,085.6	3,960.9	1,660.3	3,604.7
OTC products	103,006.7	117,413.8	2,085.6	3,960.9	1,660.3	3,604.7
Equity- and other price-related products	1,015.9	1,380.0	208.8	373.7	301.7	459.5
OTC products	1,015.9	1,380.0	208.8	373.7	301.7	459.5
Credit derivatives	2,261.9	2,721.1	31.4	157.2	36.0	164.6
OTC products	2,261.9	2,721.1	31.4	157.2	36.0	164.6
Total derivative financial instruments	648,513.4	752,867.1	28,036.4	34,389.7	27,103.5	33,469.3
OTC products	647,786.5	751,582.3	28,036.4	34,389.7	27,103.5	33,469.3
Exchange-traded products	726.9	1,284.8	-	-	-	-

Without exception, forward and derivatives transactions were concluded for hedging purposes.

The received and paid option premiums for derivative financial instruments not included in the trading portfolio are reported in Other assets and Other liabilities.

Derivative financial instruments – Maturities

	Interest rate-related products		Currency-related products		Equity- and other price-related products		Credit derivatives	
	3/31/2014 EUR million	12/31/2013 EUR million	3/31/2014 EUR million	12/31/2013 EUR million	3/31/2014 EUR million	12/31/2013 EUR million	3/31/2014 EUR million	12/31/2013 EUR million
Due								
– within 3 months	42,070.6	62,766.2	11,889.9	10,981.2	419.4	17.5	343.2	224.7
– 3 months to 1 year	81,938.3	71,315.4	24,927.5	24,056.2	165.0	155.0	164.5	189.7
– 1 to 5 years	215,124.1	232,609.5	46,517.9	53,145.1	604.3	670.6	1,611.5	2,619.5
– after 5 years	184,285.3	194,348.3	17,015.5	17,480.0	-	-	57.8	104.3
Total	523,418.2	561,039.4	100,350.8	105,662.5	1,188.7	843.1	2,177.0	3,138.2

31. Number of employees

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

	Female	Male	Total 1/1 - 3/31/2014	Total 1/1 - 3/31/2013
Number of employees	45	83	128	111

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32. EAA shareholders

	3/31/2014 in %	12/31/2013 in %
North Rhine-Westphalia	48.202	48.202
Rheinischer Sparkassen- und Giroverband (RSGV)	25.032	25.032
Sparkassenverband Westfalen-Lippe (SVWL)	25.032	25.032
Landschaftsverband Rheinland (LVR)	0.867	0.867
Landschaftsverband Westfalen-Lippe (LWL)	0.867	0.867
Total	100.000	100.000

33. Memberships of other bodies held by Managing Board members

In the first quarter of 2014, the following members of the Managing Board of the EAA were members of a Supervisory Board or other supervisory bodies of large public companies pursuant to section 340a (4) no. 1 in conjunction with section 267 (3) of the HGB. Details of the memberships of other bodies marked with * are provided on a voluntary basis as the companies are not classed as large public companies pursuant to section 340a (4) no. 1 in conjunction with section 267 (3) of the HGB.

Matthias Wargers

Börse Düsseldorf AG *

Westdeutsche ImmobilienBank AG

Markus Bolder

Westdeutsche ImmobilienBank AG

Horst Küpker

Börse Düsseldorf AG *

34. Memberships of other bodies held by employees

In the first quarter of 2014, the following employees of the EAA were members of a Supervisory Board or other supervisory bodies of public companies pursuant to section 340a (4) no. 1 in conjunction with section 267 (3) of the HGB. Details of the memberships of other bodies marked * are provided on a voluntary basis as the companies are not classed as large public companies pursuant to section 340a (4) no. 1 in conjunction with section 267 (3) of the HGB.

Dr. Ulf Bachmann

Basinghall Finance Plc (since February 13, 2014)

Westdeutsche ImmobilienBank AG

Gabriele Müller

Basinghall Finance Plc

EAA Corporate Services Public Limited Company *

EAA Covered Bond Bank Plc

Hartmut Rahner

EAA Corporate Services Public Limited Company *

EAA Covered Bond Bank Plc

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35. Executive bodies of the EAA

Members of the Managing Board of the EAA

Matthias Wargers (Spokesman)

Markus Bolder

Horst Küpker

Members of the Supervisory Board of the EAA

Dr. Rüdiger Messal

Chairman | State Secretary in the Finance Ministry of North Rhine-Westphalia

Joachim Stapf

Vice Chairman | Undersecretary (Leitender Ministerialrat) in the Finance Ministry of North Rhine-Westphalia

Dr. Karlheinz Bentele

Former President of the Rheinischer Sparkassen- und Giroverband,
Former Member of the Executive Committee (Leitungsausschuss) of the Federal Agency for Financial
Market Stabilization (Bundesanstalt für Finanzmarktstabilisierung)

Günter Borgel

Member of the Executive Committee (Leitungsausschuss) of the Federal Agency for Financial Market
Stabilization (Bundesanstalt für Finanzmarktstabilisierung)

Michael Breuer

President of the Rheinischer Sparkassen- und Giroverband

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 Siegen

Dr. Wolfgang Kirsch

Director of the Landschaftsverband Westfalen-Lippe

Hans Martz

Chairman of the Managing Board of Sparkasse Essen

Michael Stölting

Member of the Managing Board of NRW.BANK

Jürgen Wannhoff

Vice President and Member of the Managing Board of the Sparkassenverband Westfalen-Lippe

Dr. Uwe Zimpelmann

Former Chairman of the Landwirtschaftliche Rentenbank

Stakeholders' Meeting of the EAA

The Stakeholders' Meeting is made up of representatives of the shareholders (see Note 32).

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36. Information on shareholdings

Supplementary disclosures pursuant to § 285 Nos. 11 and 11a HGB

Disclosing party: Erste Abwicklungsanstalt; Dated: March 31, 2014

Target currency / unit: EUR / EUR thousand (all currency exchange rates have been converted into EUR as of March 31, 2014); Interest and voting rights in %

Other shareholdings

Ct. No.	Name	Location	Capital share	Voting rights	Currency	Equity	Profit/Loss
1	Basinghall Finance Plc 16)	London, Great Britain	100.00		GBP	22,358	2,730
2	BfP Beteiligungsgesellschaft für Projekte mbH 1) 11)	Düsseldorf	80.00		EUR	25	0
3	Börse Düsseldorf AG 11)	Düsseldorf	21.95		EUR	34,293	2,460
4	Castello di Casole Agricoltura S.r.l. società agricola 1) 11)	Casole d'Elsa, Italy	100.00		EUR	100	-40
5	Castello di Casole S.r.l. 11)	Casole d'Elsa, Italy	100.00		EUR	6,046	-14,731
6	Castello Resort Villas S.r.l. 11)	Casole d'Elsa, Italy	100.00		EUR	978	5
7	CBAL S.A. 2) 13)	Braine l'Alleud, Belgium	100.00		EUR	889	4
8	COREplus Private Equity Partners GmbH & Co. KG 1) 11)	Düsseldorf	36.52	0.00	EUR	27,722	5,001
9	COREplus Private Equity Partners II - Diversified Fund, L. P. 11)	Wilmington, USA	24.75	0.00	USD	33,636	-308
10	Dussinvest2 Beteiligungsgesellschaft mbH 4) 16)	Düsseldorf	100.00		EUR	232	0
11	Dusskapital Zwanzig Beteiligungsgesellschaft mbH 16)	Düsseldorf	100.00		EUR	28	5
12	EAA Corporate Services Public Limited Company 11)	Dublin 1, Ireland	100.00		EUR	-1,160	39
13	EAA Covered Bond Bank Plc 16) 17)	Dublin 1, Ireland	100.00		EUR	837,785	-3,026
14	EAA DLP I LLP 1)	Wilmington, USA	100.00			n. s.	n. s.
15	EAA DLP II LLP 1)	Wilmington, USA	100.00			n. s.	n. s.
16	EAA DLP III LLP 1)	Wilmington, USA	100.00			n. s.	n. s.
17	EAA do Brasil Participacoes, Representacoes e Negocios Ltda. 11)	Sao Paulo, Brazil	100.00		BRL	2,269	14
18	EAA Europa Holding GmbH 4) 11)	Düsseldorf	100.00		EUR	42,570	0
19	EAA Japan K.K. 15)	Minato-ku, Japan	100.00		JPY	68,248	4,251
20	EAA LS Holdings LLC 1)	Wilmington, USA	100.00			n. s.	n. s.
21	EAA Portfolio Advisers GmbH 14)	Düsseldorf	100.00		EUR	25	n. s.
22	EAA Portfolio Advisers LLC 1)	Wilmington, USA	0.00			n. s.	n. s.
23	EAA Triskele LLP 1)	Wilmington, USA	100.00			n. s.	n. s.
24	EMG Projekt Gewerbepark Ludwigsfelde/Löwenbruch GmbH 1) 11)	Berlin	47.50		EUR	634	494
25	Erste EAA-Beteiligungs GmbH 16)	Düsseldorf	100.00		EUR	16	-8
26	Fischerinsel Beteiligungs-GmbH i.L. 1) 11)	Mainz	100.00		EUR	16	-2
27	Fischerinsel Vermietungs GmbH & Co.KG i.L. 1) 11)	Mainz	100.00		EUR	935	-537
28	Frankonia Eurobau Max-Viertel GmbH 1) 7)	Nettetal	25.00		EUR	-31,484	-2,918
29	GfD Gesellschaft für Innenstadtentwicklung in Duisburg mbH 1) 11)	Hamburg	45.00		EUR	-3	0
30	GKA Gesellschaft für kommunale Anlagen mbH 1) 11)	Düsseldorf	100.00		EUR	191	3
31	GML Gewerbepark Münster-Loddenheide GmbH 1) 11)	Münster	33.33		EUR	13,451	761
32	Heber Avenue Partners LLC 16)	Dover, USA	100.00		USD	0	n. s.
33	Home Partners Holdco LLC 16)	Dover, USA	100.00		USD	80	-5
34	IFV ImmobilienFonds Verwaltungsgesellschaft Objekte Halle, Essen und Magdeburg mbH i.L. 11)	Ingelheim am Rhein	40.00		EUR	26	-1
35	International Leasing Solutions Japan KK 6)	Tokyo, Japan	100.00		JPY	199	1
36	KA Deutschland Beteiligungs GmbH & Co KG 1) 11)	Düsseldorf	100.00		EUR	2,983	-1,898
37	Kassiterit Beteiligungs GmbH 1) 11)	Düsseldorf	100.00		EUR	19	-3
38	KB Zwei Länder Beteiligungs- und Verwaltungs GmbH & Co. KG 1) 11)	Düsseldorf	100.00		EUR	711	-10
39	KB Zwei Länder Beteiligungsgesellschaft mbH 1) 11)	Düsseldorf	100.00		EUR	467	-54
40	Leasing Belgium N.V. 1) 11)	Antwerp, Belgium	100.00		EUR	682	-57
41	LIFE.VALUE Construction GmbH 1) 11)	Düsseldorf	100.00		EUR	-2,660	-187
42	LIFE.VALUE GmbH & Co. 11/14 Centre KG 1) 11)	Düsseldorf	100.00		EUR	427	710
43	Life.Value Properties GmbH 1) 11)	Düsseldorf	100.00		EUR	-398	57
44	Methuselah Life Markets Limited 11)	London, Great Britain	100.00		GBP	15,628	51
45	MFC Black Horse LLC 1)	New York, USA	100.00			n. s.	n. s.
46	MFC CMark LLC 1) 16)	New York, USA	100.00		USD	140	-54
47	MFC Eagle Realty LLC 1)	New York, USA	100.00			n. s.	n. s.
48	MFC Holdco LLC 16)	New York, USA	100.00		USD	7,528	-972
49	MFC Jennings Gateway LLC 1)	New York, USA	100.00			n. s.	n. s.
50	MFC Leominster LLC 1)	New York, USA	100.00			n. s.	n. s.

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Ct. No.	Name	Location	Capital share	Voting rights	Currency	Equity	Profit/Loss
51	MFC MAR-COMM LLC 1)	New York, USA	100.00			n. s.	n. s.
52	MFC New Paradigm LLC 1)	New York, USA	100.00			n. s.	n. s.
53	MFC ParcOne LLC 1)	New York, USA	100.00			n. s.	n. s.
54	MFC Pinecrest LLC 1)	New York, USA	100.00			n. s.	n. s.
55	MFC Real Estate LLC 1) 16)	New York, USA	100.00		USD	7,311	-910
56	MFC Spanish Trails LLC 1)	New York, USA	100.00			n. s.	n. s.
57	MFC Twin Builders LLC 1) 16)	New York, USA	100.00		USD	76	-8
58	MIG Immobiliengesellschaft mbH i.L. 10)	Mainz	40.91		EUR	20	-13
59	Mod CapTrust Holding LLC 16)	Dover, USA	100.00		USD	0	n. s.
60	Monolith Grundstücksverwaltungsgesellschaft mbH 1) 11)	Mainz	100.00		EUR	87	6
61	Montelucia Phoenix Inc. 1) 11)	Dover, USA	100.00		USD	1,773	-179
62	Nephelin Grundstücksverwaltungsgesellschaft mbH 1) 11)	Mainz	100.00		EUR	-45	-3
63	ParaFin LLC 16)	New York, USA	100.00		USD	0	1,780
64	Pathos Bay LLC 16)	Dover, USA	100.00		USD	4,145	-1,385
65	PE Projekt-Entwicklungsgesellschaft mbH 1) 11)	Düsseldorf	100.00		EUR	27	-2
66	PE Projekt-Entwicklungsgesellschaft mbH & Co. Büro- und Businesscenter Leipzig Park KG 2) 11)	Düsseldorf	94.90	83.33	EUR	354	-103
67	PM Portfolio Management GmbH 1) 11)	Düsseldorf	100.00		EUR	62	-1
68	Projekt Carrée am Bahnhof GmbH & Co. Bürozentrum KG in Insolvenz 1) 5)	Bad Homburg	51.00		EUR	-3,572	-117
69	Projekt Carrée am Bahnhof Verwaltungs GmbH in Insolvenz 1) 5)	Bad Homburg	51.00		EUR	-13	0
70	Projektentwicklungsgesellschaft Gartenstadt Wildau Röthegrund II mbH 1) 11)	Wildau	94.00		EUR	-6,261	-7
71	Projektgesellschaft Klosterberg mbH 1) 16)	Münster	94.00		EUR	0	-19
72	S-Chancen-Kapitalfonds NRW GmbH i.L. 11)	Haan	50.00		EUR	4,971	84
73	Special PEP II GP Investors, L.L.C. 11)	Wilmington, USA	50.00	0.00	USD	284	-22
74	Standard Chartered (SFD No.2) Limited 8)	London, Great Britain	25.00		USD	0	0
75	Tanzbar CH Holdings LLC 16)	New York, USA	100.00		USD	0	n. s.
76	Tanzbar DB Holdings LLC 16)	New York, USA	100.00		USD	0	n. s.
77	Vierte EAA-Beteiligungs GmbH 16)	Düsseldorf	100.00		EUR	15	-8
78	Vivaldis Gesellschaft für strukturierte Lösungen S.A. 11)	Luxemburg, Luxemburg	100.00		EUR	34	48
79	West Equity Fonds GmbH 4) 11)	Düsseldorf	100.00		EUR	25	0
80	West Life Markets GmbH & Co. KG 4) 11)	Düsseldorf	100.00		EUR	1,312	0
81	West Merchant Limited 11)	London, Great Britain	100.00		GBP	34	-23
82	West Zwanzig GmbH 1) 4) 16)	Mainz	100.00		EUR	25	0
83	Westdeutsche Immobilien Fonds Beteiligungsgesellschaft mbH 1) 11)	Düsseldorf	100.00		EUR	42	0
84	Westdeutsche ImmobilienBank AG 3) 4) 16)	Mainz	100.00		EUR	876,577	0
85	Westdeutsche ImmobilienHolding GmbH 1) 4) 16)	Mainz	94.60		EUR	5,539	0
86	Westfälische Textil-Gesellschaft Klingenthal & Co. mit beschränkter Haftung 12)	Salzkotten	25.26		EUR	10,165	-89
87	WestFonds 5 Büropark Aachen Laurensberg KG 1) 11)	Düsseldorf	49.16	49.11	EUR	3,751	-776
88	WestFonds 5 Palazzo Fiorentino Frankfurt KG 1) 11)	Düsseldorf	45.64	45.62	EUR	4,765	-1,223
89	WestFonds 5 Walle-Center Bremen KG 1) 11)	Düsseldorf	46.03		EUR	14,450	23
90	WestFonds Dachfonds Schiffe GmbH 1) 11)	Düsseldorf	100.00		EUR	26	-5
91	WestFonds Geschäftsführungsgesellschaft 1 mbH 1) 11)	Düsseldorf	100.00		EUR	103	61
92	WestFonds Geschäftsführungsgesellschaft 2 mbH 1) 11)	Düsseldorf	100.00		EUR	21	-4
93	WestFonds Gesellschaft für geschlossene Immobilienfonds mbH 1) 11)	Düsseldorf	100.00		EUR	66	-4
94	WestFonds Holland Grundstücksgesellschaft Voorburg und s'Hertogenbosch mbH 1) 11)	Düsseldorf	100.00		EUR	13	-13
95	WestFonds Immobilien Gesellschaft Objekt Halle/Saale Charlottenstraße mbH 1) 11)	Düsseldorf	100.00		EUR	-4,586	-1,621
96	WestFonds Immobilien Gesellschaft Objekt Magdeburg An der Steinkuhle 2-2e mbH 1) 11)	Düsseldorf	100.00		EUR	33	187
97	WestFonds Immobilien Gesellschaft Objekt Wien Heiligenstädter Lände 29 mbH 1) 11)	Düsseldorf	100.00		EUR	323	-23
98	WestFonds Immobilien-Anlagegesellschaft mbH 4) 11)	Düsseldorf	94.90		EUR	4,302	0
99	WestFonds Immobiliengesellschaft Objekt Essen Schnieringhof 10-14 mbH 1) 11)	Düsseldorf	100.00		EUR	-1,349	-422
100	WestFonds Premium Select Management GmbH 1) 11)	Düsseldorf	100.00		EUR	29	-4
101	WestFonds Premium Select Verwaltung GmbH 1) 11)	Düsseldorf	100.00		EUR	38	6
102	WestFonds Verwaltung GmbH 1) 11)	Schönefeld	100.00		EUR	51	26
103	WestFonds-PHG Gesellschaft RWI-Fonds 120 mbH 1) 11)	Düsseldorf	100.00		EUR	20	-5
104	WestFonds-PHG Gesellschaft RWI-Fonds 125 mbH 1) 11)	Düsseldorf	100.00		EUR	20	-5
105	WestFonds-PHG Gesellschaft RWI-Fonds 140 mbH 1) 11)	Düsseldorf	100.00		EUR	24	-3

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Ct. No.	Name	Location	Capital share	Voting rights	Currency	Equity	Profit/Loss
106	WestFonds-PHG Gesellschaft RWI-Fonds 43 mbH 1) 11)	Düsseldorf	100.00		EUR	20	-6
107	WestFonds-PHG Gesellschaft RWI-Fonds 47 mbH 1) 11)	Düsseldorf	100.00		EUR	20	-8
108	WestFonds-PHG Gesellschaft WestFonds 1 mbH 1) 11)	Düsseldorf	100.00		EUR	22	-6
109	WestFonds-PHG Gesellschaft WestFonds 2 D mbH 1) 11)	Düsseldorf	100.00		EUR	25	-3
110	WestFonds-PHG Gesellschaft WestFonds 2 H mbH 1) 11)	Düsseldorf	100.00		EUR	25	-3
111	WestFonds-PHG Gesellschaft WestFonds 5 Aachen mbH 1) 11)	Düsseldorf	100.00		EUR	20	-5
112	WestFonds-PHG Gesellschaft WestFonds 5 Bremen mbH 1) 11)	Düsseldorf	100.00		EUR	20	-5
113	WestFonds-PHG Gesellschaft WestFonds 5 Frankfurt mbH 1) 11)	Düsseldorf	100.00		EUR	20	-5
114	WestFonds-PHG Gesellschaft WestFonds 7 mbH 1) 11)	Düsseldorf	100.00		EUR	28	0
115	WestFonds-PHG Gesellschaft WestFonds Wien 2 mbH 1) 11)	Düsseldorf	100.00		EUR	21	-6
116	WestFonds-PHG-Gesellschaft BI-Fonds 12 mbH 1) 11)	Düsseldorf	100.00		EUR	20	-4
117	WestFonds-PHG-Gesellschaft BI-Fonds 14 mbH 1) 11)	Düsseldorf	100.00		EUR	20	-4
118	WestFonds-PHG-Gesellschaft BI-Fonds 18 S mbH 1) 11)	Düsseldorf	100.00		EUR	20	-4
119	WestFonds-PHG-Gesellschaft BI-Fonds 19 S mbH 1) 11)	Düsseldorf	100.00		EUR	20	-4
120	WestFonds-PHG-Gesellschaft BI-Fonds 23 mbH 1) 11)	Düsseldorf	100.00		EUR	19	-5
121	WestFonds-PHG-Gesellschaft BI-Fonds 6 mbH 1) 11)	Düsseldorf	100.00		EUR	21	-5
122	WestFonds-PHG-Gesellschaft KA Deutschland Beteiligungs-gesellschaft mbH 1) 11)	Düsseldorf	100.00		EUR	23	-4
123	WestFonds-PHG-Gesellschaft KB Zwei Länder Beteiligungs-gesellschaft mbH 1) 11)	Düsseldorf	100.00		EUR	23	-4
124	WestFonds-PHG-Gesellschaft RWI-Fonds 25 mbH 1) 11)	Düsseldorf	100.00		EUR	24	-4
125	WestFonds-PHG-Gesellschaft RWI-Fonds 34 mbH 1) 11)	Düsseldorf	100.00		EUR	22	-4
126	WestFonds-PHG-Gesellschaft RWI-Fonds 40 mbH 1) 11)	Düsseldorf	100.00		EUR	20	-6
127	WestFonds-PHG-Gesellschaft WestFonds 3 Berlin mbH 1) 11)	Düsseldorf	100.00		EUR	26	-3
128	WestFonds-PHG-Gesellschaft WestFonds 3 Düsseldorf mbH 1) 11)	Düsseldorf	100.00		EUR	25	-3
129	WestFonds-PHG-Gesellschaft WestFonds 4 mbH 1) 11)	Düsseldorf	100.00		EUR	20	-5
130	WestFonds-PHG-Gesellschaft WestFonds 6 mbH 1) 11)	Düsseldorf	100.00		EUR	26	-2
131	WestGKA Management Gesellschaft für kommunale Anlagen mbH 2) 4) 16)	Düsseldorf	100.00		EUR	1,128	0
132	WestLB Asset Management (US) LLC 11)	Wilmington, USA	100.00		USD	23,205	-324
133	WestLB Servicios S.A. 1) 9)	Buenos Aires, Argentina	94.86		ARS	0	-1
134	WestLB Venture Capital Management GmbH & Co. KG 11)	Cologne	50.00		EUR	46	-5
135	WestLeasing International GmbH 1) 11)	Düsseldorf	100.00		EUR	201	-5
136	WestLeasing Westdeutsche Leasing Holding GmbH 4) 11)	Düsseldorf	94.90		EUR	11,625	0
137	WestMerchant Beteiligungs GmbH 1) 11)	Düsseldorf	100.00		EUR	26	-4
138	WestProject & Consult Gesellschaft für Projektentwicklung und Consulting mbH i.L. 1) 4) 16)	Düsseldorf	100.00		EUR	1,560	0
139	WestVerkehr Beteiligungsgesellschaft mbH 1) 11)	Düsseldorf	100.00		EUR	123	-17
140	WIP Westdeutsche Immobilien Portfolio Managementgesellschaft mbH 1) 4) 16)	Düsseldorf	100.00		EUR	627	-5
141	WLB CB Holding LLC 16)	New York, USA	100.00		USD	0	178
142	WMB Beteiligungs GmbH 1) 11)	Düsseldorf	100.00		EUR	26	-3

Interest greater than 5% (large corporations)

Ct. No.	Name	Location	Capital share	Voting rights	Currency	Equity	Profit/Loss
143	AKA Ausfuhrkredit-Gesellschaft mbH 11)	Frankfurt am Main	5.02		EUR	183,872	11,425
144	Banco Finantia S.A. 11)	Lisbon, Portugal	8.57		EUR	372,103	3,144

Other companies for whom the EAA assumes unlimited liability

Ct. No.	Name	Location	Capital share	Voting rights	Currency	Equity	Profit/Loss
145	GBR Industrie- und Handelskammer Rheinisch-Westfälische-Börse	Düsseldorf	5.88	5.00		n. s.	n. s.
146	GLB GmbH & Co. OHG	Frankfurt am Main	15.47			n. s.	n. s.

¹ Indirect shareholdings.

² Including indirectly held shares.

³ A letter of comfort exists.

⁴ A profit and loss transfer agreement is in place with this company.

⁵ Only data as of December 31, 2009 is available.

⁶ Only data as of December 31, 2010 is available.

⁷ Only data as of October 31, 2011 is available.

⁸ Only data as of December 31, 2011 is available.

⁹ Only data as of October 31, 2012 is available.

¹⁰ Only data as of December 16, 2012 is available.

¹¹ Only data as of December 31, 2012 is available.

¹² Only data as of June 30, 2013 is available.

¹³ Only data as of October 31, 2013 is available.

¹⁴ Only data as of November 8, 2013 is available.

¹⁵ Only data as of November 30, 2013 is available.

¹⁶ Only data as of December 31, 2013 is available.

¹⁷ A global guarantee exists.

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 assets and financial position as well as the earnings situation of the institution, and the interim management report includes a 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 financial year.

Düsseldorf, May 19, 2014

Erste Abwicklungsanstalt



Matthias Wargers
Spokesman
of the Managing Board



Markus Bolder
Member
of the Managing Board



Horst Küpker
Member
of the Managing Board

List of abbreviations

ALM	Asset Liability Management
APAC	Asia-Pacific region
BaFin	German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht)
Basinghall	Basinghall Finance Plc, London/United Kingdom
bbl	Barrel
BiMoG	German Accounting Law Modernization Act (Bilanzrechtsmodernisierungsgesetz)
Bp	Basis points
CDS	Credit default swaps
CVA	Credit valuation adjustments
DRS	German Accounting Standard (Deutscher Rechnungslegungsstandard)
EAA	Erste Abwicklungsanstalt
EAA CBB	EAA Covered Bond Bank plc, Dublin/Ireland
EAA KK	EAA Japan K.K., Minato-ku (formerly WIB Real Estate Finance K.K. [WIB KK])
EaD	Exposure at default
ECB	European Central Bank
EEC	European Economic Community
EFSF	European Financial Stability Facility
EMEA	Europe, Middle East and Africa region
EU	European Union
EUSS	European Super Senior Notes
FED	US Federal Reserve
FMS	Financial Market Stabilization Fund
FMSA	Financial Market Stabilization Authority (Bundesanstalt für Finanzmarktstabilisierung)
FMStFG	Financial Market Stabilization Fund Act (Finanzmarktstabilisierungsfondsgesetz)
FOMC	Federal Open Market Committee
FX Effect	Foreign exchange effect
GDP	Gross domestic product

Erste Abwicklungsanstalt

Interim Report as at March 31, 2014

HGB	German Commercial Code (Handelsgesetzbuch)
IMF	International Monetary Fund
LVR	Landschaftsverband Rheinland
LWL	Landschaftsverband Westfalen-Lippe
MaRisk	Minimum requirements for risk management (Mindestanforderungen an das Risikomanagement)
Moody's	Moody's Investors Service
MtM	Mark to market
NPL	Non-performing loans
N.R.	Not rated
NRW	North Rhine-Westphalia
OECD	Organization for Economic Cooperation and Development
OMT Program	Outright Monetary Transactions Program
OTC	Over the counter
PAG/Portigon	Portigon AG, Düsseldorf (until July 2, 2012 WestLB AG)
PFS	Portigon Financial Services GmbH, Düsseldorf
PIMCO	Pacific Investment Management Company, LLC
P&L	Income statement
RechKredV	Ordinance on Accounting for Banks (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute)
RSGV	Rheinischer Sparkassen- und Giroverband
S&P	Standard and Poor's Corporation
S.R.	Special rating
SVWL	Sparkassenverband Westfalen-Lippe
VaR	Value at risk
WestImmo	Westdeutsche ImmobilienBank AG, Mainz