

Press release

EAA CBB

European Central Bank approves return of full banking licence

Düsseldorf, 17 March 2021. The EAA subsidiary Covered Bond Bank Plc (since 15 March 2021 Erste EAA Ireland Plc) was notified by the European Central Bank on 11 March 2021 that its full banking licence and its licence as a so-called designated credit institution – comparable to a Pfandbrief banking licence – would be revoked effective 12 March 2021 in accordance with its application. “This is an important milestone for the wind-up of the company,” says Christian Doppstadt, the EAA Board member responsible. “This will allow us to close the bank well ahead of the originally planned date of end-2027; and furthermore in a more economically advantageous way than could have been expected in March 2020 after a planned sale could not be implemented due to a change in circumstances. We are thus achieving our goal of keeping the negative financial consequences for the EAA’s wind-up plan as low as possible,” Doppstadt continued.

The remaining portfolio of EAA Covered Bond Bank had already been transferred to the EAA last year in anticipation of the return of the banking licence. The necessary steps to liquidate the company will now be taken in the near future. The liquidation is currently scheduled for 2022.

EAA Covered Bond Bank is comparable to a German Pfandbriefbank and until the licences were returned was one of the last majority holdings in the EAA’s portfolio to conduct operating business. Since 2009/2010, the EAA has been winding down the assets of the former WestLB with a view to minimising losses.

Enquiries

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The EAA is a financially and organisationally independent public law institution. It was established in 2009 with a view to helping stabilise the financial markets. In accordance with its charter, its mission is to wind up risk positions taken over from the former WestLB in such a way as to minimise losses.

The EAA has taken over positions totalling approximately EUR 200 billion, which it accomplished in two stages: The “first fill” in 2009/2010 comprised loans and securities with a notional volume of EUR 77.5 billion. The second transfer, or “replenishment”, took place in 2012 and comprised loans, securities (banking portfolio) and derivatives (trading portfolio) in the amount of EUR 124.4 billion.

Being a public law institution, the EAA has a bankruptcy-remote structure and funds itself independently in the capital market. Thanks to the loss compensation duties of the State of NRW, the North Rhine-Westphalian savings bank and regional associations and the Financial Market Stabilisation Fund laid down in its charter, the EAA can issue securities on favourable terms. The EAA nevertheless plans to complete the wind-up activities in 2027 at least “with a black zero” - i.e. without taking advantage of the loss compensation duties. Shareholders in the EAA are the state of North Rhine-Westphalia (approx. 48.2%), the two North Rhine-Westphalian savings banks and giro associations (both approx. 25%) and the two Regional Associations of North-Rhine Westphalia (each approx. 0.9%).