

Press Release

EAA acquires Portigon Financial Services GmbH

All crucial services for the EAA's wind-up portfolio will be rendered in the future by the EAA's own subsidiaries

Düsseldorf, 17 March 2016. Portigon Financial Services GmbH (PFS) will be fully transferred to Erste Abwicklungsanstalt (EAA). EAA and Portigon AG signed a corresponding purchase agreement and expect the closing of the transaction in the short term.

The transfer of PFS to EAA ("share deal") will ensure that EAA continues to receive the services it needs in the future to proceed with the successful wind-up of the risk exposures of former WestLB. "We are pleased that the uncertainties associated with the future servicing of our portfolio have been resolved. The acquisition of PFS enables us to bundle the expertise we have gained to date in the wind-up process so that we can concentrate operationally on the accelerated wind-up of the remaining exposures," emphasised Matthias Wargers, Spokesman of the EAA's Managing Board.

Commercially most favourable alternative

In addition to the portfolio-management subsidiary EAA Portfolio Advisers GmbH (EPA), PFS is EAA's most important service provider. PFS provides for EAA primarily IT/operations services. Wargers emphasized that in comparison to alternative scenarios – for instance the selection of a new service provider and a migration of great quantities of data to its systems – the acquisition of PFS is the commercially most favourable alternative for the EAA and all participants. EAA's wind-up plan for 2016 already takes into account the transaction with no negative impacts for its wind-up activities.

The German State of North Rhine-Westphalia, the owner of Portigon and a liable stakeholder of EAA, has reached an agreement with the other stakeholders that sets out the framework for the transfer of the shares in PFS: the agreement ensures, in particular, that the fundamental agreements reached when WestLB was wound up will continue to be valid.

PFS to remain a legally independent company

EAA will manage PFS as a legally independent company and support its management to implement the restructuring measures that are already in progress. In addition, EAA will continue to regularly review to what extent organisational changes are required in order to adjust to the declining volume of the portfolio. The aim is to re-organize PFS in such a way that it meets EAA's requirements to wind up its assets in an efficient, value-preserving manner. "We remain focused on our mandate, which means that we regularly develop and implement measures to minimise losses and boost values," emphasised Wargers.

Upon closing of the transaction, PFS will be reorganized.

Inquiries

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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. According to its statutes, its mission is to wind up risk positions taken over from the former WestLB in a risk-minimising manner.

The EAA has taken over positions totalling approximately EUR 200 billion. The acquisition was carried out in two stages: The so-called first fill in 2009/2010 comprised loans and securities with a notional volume of EUR 77.5 billion. The second transfer, the so-called replenishment, took place in 2012 and comprises loans, securities (bank 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 on 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 the statutes, the EAA can issue securities at favourable conditions. 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. Stakeholders 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 (both approx. 0.9%).