

Press Release

EAA places benchmark bond

- EUR 1 billion minimum volume significantly exceeded
- Foreign investors show considerable interest
- Debut of a long-term regular capital market presence

Düsseldorf, 22 March 2011. Erste Abwicklungsanstalt (First Winding-Up Agency, EAA) has successfully launched its debut benchmark bond on the capital market. The first benchmark bond (five-year term, 3.125% coupon) issued by the public law agency was in high demand at the beginning of the week. The total order volume amounted to over EUR 2 billion. Ultimately, EUR 1.5 billion was allocated based on the 6-month Euribor plus 20 basis points. "In the end, the issue beat our expectations," said EAA Managing Board member Matthias Wargers.

The EAA is placing this bond exclusively with institutional investors. Banks accounted for approximately 47 percent of the issued volume while funds took up approximately 32 percent of the issued volume. The bond's regional distribution was very diverse. More than 50 percent of the total issue was subscribed by foreign investors. "This is an extremely encouraging result. It shows that the in-depth meetings we held with investors were worth the effort," said EAA Managing Board member Markus Bolder.

"Now that we're off to a good start, we intend to further increase our contacts with German and foreign investors," said Bolder. Going forward, the EAA will concentrate on euro-denominated bonds as well as dollar-denominated issues. The Managing Board estimates its annual funding requirements at EUR 5 billion; however, depending on market conditions, this amount may be significantly exceeded in 2011 and 2012. "We will have a lasting market presence. Investors have witnessed the kick-off of the EAA's long-term capital market strategy," said Wargers.

The successful capital market debut marks a further milestone in setting up the EAA. "Being an independent issuer enables us to broadly diversify our sources of funding and to operate autonomously in every way," said Wargers. According to the two Managing Board members, the EAA is making good progress in reducing the size and risk of the portfolio it has assumed. Its original volume has already been reduced by a "clear double-digit billion-euro figure". The EAA will publish in mid-April its figures for the (short) 2010 financial year.

Enquiries

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