

# Press release

Fiscal year 2018

## **The EAA continues to record a positive performance and has exceeded the wind-up planning in fiscal year 2018 too**

**Net profit amounts to around EUR 2.6 million / loans and securities portfolio reduced by around EUR 5 billion / solid buffer in place to wind up the remaining portfolio / strategy presented for reducing risks early**

**Düsseldorf, 10 April 2019.** The EAA has once again exceeded its wind-up targets in fiscal year 2018. The volume of loans and securities held in the portfolio was reduced by EUR 4.7 billion from the start of the year, while the notional volume of the trading portfolio declined by around EUR 35 billion. Within the scope of its public mandate, the EAA has now successfully wound up a total of over 88% of all the loans and securities it had assumed from the former WestLB as well as approximately 84% of the largely derivative financial products in the trading portfolio in the period from 2010 to 2018. The EAA's total assets fell by around EUR 7 billion in 2018 and declined below EUR 40 billion.

Although the current income from the assets transferred to the EAA will inevitably fall as the winding up progresses, the EAA was able once again to conclude the previous fiscal year with a positive result. The surplus generated comes to EUR 2.6 million after taxes. A stable trading result, positive effects from the reversal of provisions and cost reductions contributed significantly to the result. The losses expected in the original planning for this period could thus be avoided.

### **Wind-up plan targets for 2027 achievable ahead of schedule**

The EAA can continue to draw on a solid risk buffer to wind up the remaining portfolio: equity amounts to around EUR 660 million while risk provisions come to around EUR 690 million. An equity drawing facility of EUR 480 million is also available.

“The EAA has not only succeeded in exceeding the original schedule for winding up the assets transferred from the former WestLB. It has also created higher reserves than expected at the same time,” said Matthias Wargers, Spokesman of the EAA Managing Board.

From the EAA’s Managing Board’s point of view this is generating scope for reaching the targeted wind-up objectives set for 2027 ahead of schedule. After in-depth analysis, the EAA has developed a concept for an accelerated reduction of risks, which it is currently discussing and further validating with its committees, stakeholders and supervisory authorities.

## 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 structure that protects it against insolvency 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 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. 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 (each approx. 0.9%).