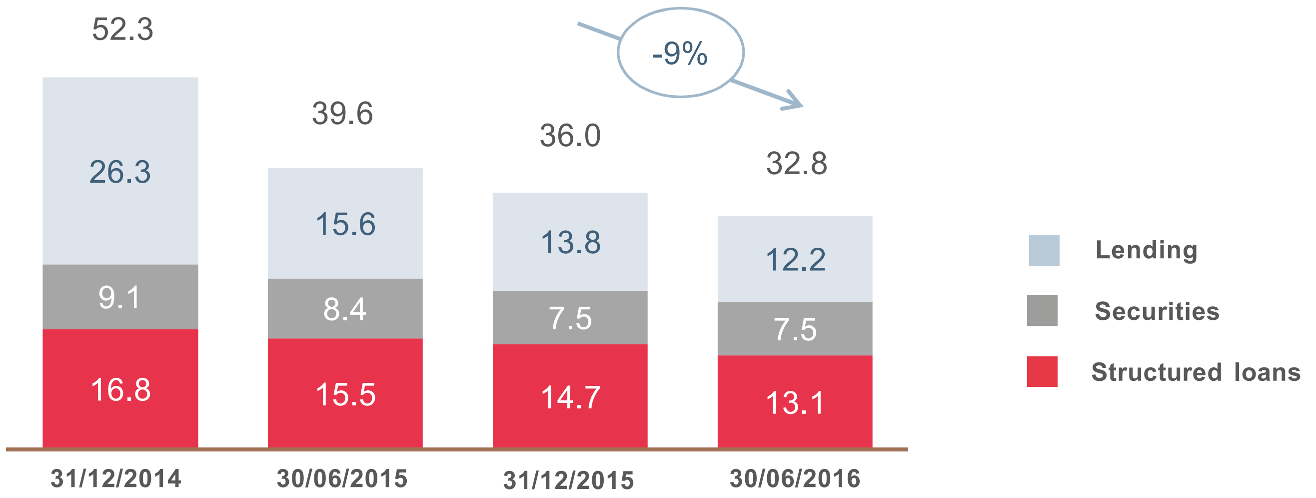
ERSTE ABWICKLUNGS ANSTALT

Facts and figures on the first half of 2016

Düsseldorf, 23 August 2016 (enclosure to the press release)

Banking book on reporting date of 30 June 2016

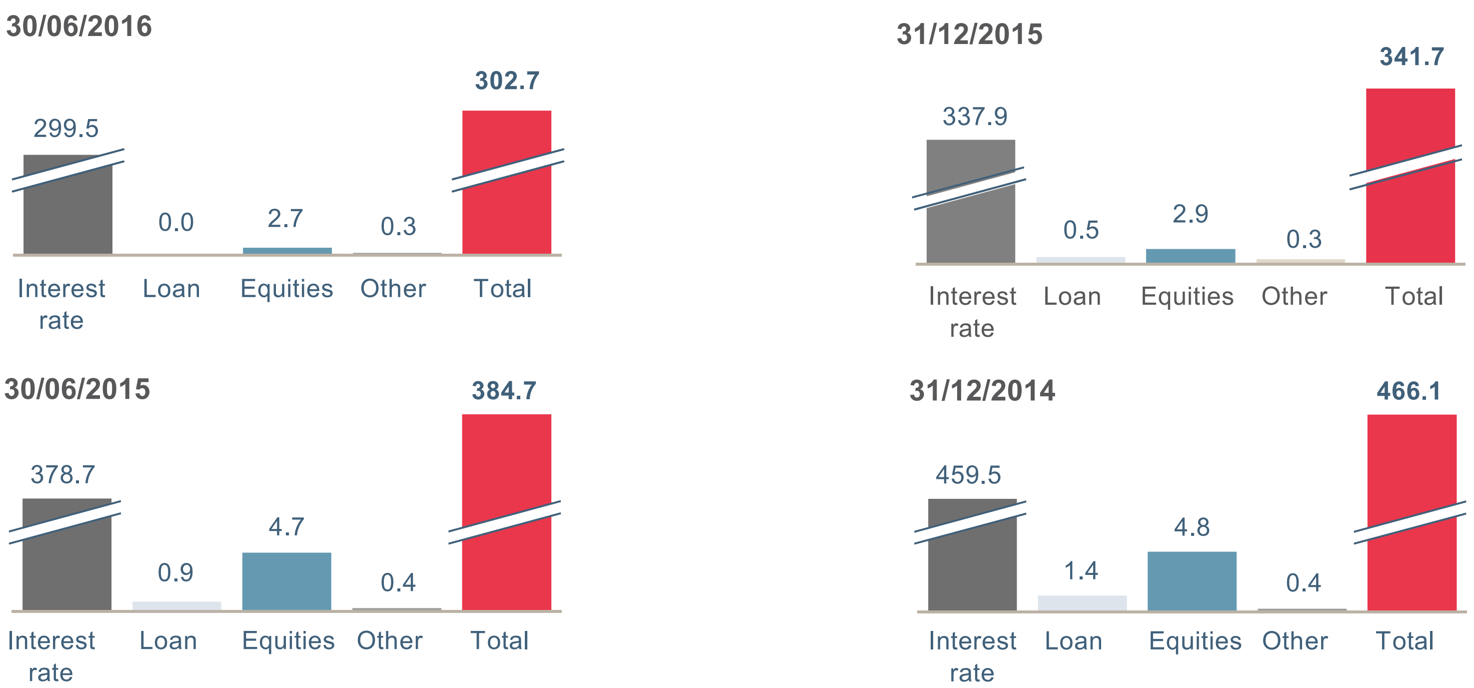
Sub-portfolios, notional volume in EUR billion (exchange rates as at 31 December 2011)



- The **banking book portfolio** of EAA has increased 9% year-to-date, compared with 30 June 2015 the notional volume fell by about 17%. **The credit portfolios in particular were down sharply** due to the sale or repayment of aircraft leasing commitments or to the winding up of commitments in the energy sector.
- There were **no essential changes** to the **securities portfolio**. The **Phoenix Portfolio** dominated among structured loans. As at 30 June 2016 it accounted for **about 68%** and made an essential contribution to the wind-up.

Trading portfolio on reporting date of 30 June 2016

Notional volume in EUR billion (exchange rate as at 30 June 2012)



- The **notional volume of derivatives held in the trading portfolio** has been reduced by around EUR 39 billion since the start of 2016 to about EUR 303 billion. This equates to a **decline** of **about 11%.** Most of the decline is due to the wind-up of interest rate derivatives.

- For balance sheet purposes, and owing to their special nature, **derivative transactions** are accounted for at their **market value**. This means the value of the assets and liabilities (book value) **does not reflect the actual portfolio wind-up achieved** (see balance sheet presentation). The market values are largely dependent on the development of interest rates. Book values have risen since the start of 2016 due to falling interest rates. The value of the assets rose from EUR 27.1 billion to EUR 31.1 billion, the value of the liabilities increased from EUR 25.4 billion to EUR 29.6 billion.

Income statement as at 30 June 2016

in EUR million

	30/06/2016	30/06/2015
Net interest income	86.0	81.2
Net fee and commission income	9.5	29.5
Net trading result	-26.4	-12.1
Administrative expenses	-115.0	-149.2
Other operating expenses and income	-0.6	1.6
Results from financial assets and shareholdings	34.3	48.1
Results prior to risk provisioning	**-12.2**	**-0.9**
Risk provisioning	15.8	11.0
Result before taxes	**3.6**	**10.1**
Taxes	-0.4	-1.8
Result after taxes	**3.2**	**8.3**

Please note: the presentation is abridged; rounding differences may occur

- The **rise in net interest income** was due primarily to the fact that the EAA have now legally assumed **positions**, which they have guaranteed so far**.** This raises the net interest income and lowers a part of net commission income. In principle, **the basis to generate income of EAA** is declining due to the **portfolio reduction,** which is leading to a decrease in ongoing net interest and commission income.
- The **trading result** is **operationally balanced**. The loss is due to the **creation of reserves**.
- **The administrative expense fell about 23% compared to the same period last year.** The decline in fees for portfolio management by Erste Financial Services (formerly Portigon Financial Services) made a major contribution to this decrease.
- **Net income from financial assets and long-term equity investments** includes net income from long-term equity investments, in particular from the acquisition of Erste Financial Services and restructuring of the securities portfolio.
- The **composition of risk provisions** changed as a result of market developments and the credit ratings of contractual partners. The **net balance** of reversals and additions was **positive in the first half of the year**. The EAA had total risk provisions of about EUR 1.1 billion. Together with equity and equity capital drawing limit, EAA has a risk buffer of about EUR 2.3 billion.

Balance sheet as at 30 June 2016

in EUR billion

Assets		Liabilities and equity	
Cash reserve	1.35	Liabilities to banks	3.33
Loans and advances to banks	10.29	Deposits from customers	4.70
Loans and advances to customers	14.89	Debt securities in issue	33.25
Bonds and other fixed-income securities	13.87	Trading portfolio	29.61
Trading portfolio	31.06	Other liabilities	0.65
Long-term equity investments	0.07	Accruals/deferred income	0.02
Shares in affiliates	0.90	Provisions	0.35
Other assets	0.06	Equity	0.63
Accruals/deferred income	0.05		
Total assets	**72.54**	**Total liabilities and equity**	**72.54**
		Contingent liabilities	7.62
		Irrevocable loan commitments	3.13
		Business volume	**83.29**

- **Total assets increased by EUR 3.9 billion** to EUR 72.5 billion despite the ongoing progress in portfolio reduction. The reason for this was a **rise in the market values of the trading portfolio**, which is due primarily to falling interest rates year-to-date. Still, the decline in the notional volume has led to a **decrease in the risks** associated with the trading portfolio.
- Due to the increase in total assets, the **business volume** grew, as at 30 June 2016 it was **EUR 1.6 billion higher** than it was at the beginning of the year. In contrast, **contingent liabilities and irrevocable credit commitments have fallen** year-to-date **by about EUR 2.3 billion** to about EUR 10.8 billion.
- **Equity rose** after taking account of the income accrued by EUR 3.2 million **to about EUR 635 million.**

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