Erste
Abwicklungsanstalt

1 January 2012 to 30 June 2012

Interim Report

Content

Erste Abwicklungsanstalt
Interim Report as of 30 June 2012

EAA Key Figures

Income statement in EUR million	1 Jan.-30 June 2012	1 Jan.-30 June 2011
Net interest income	44.9	107.3
Net fee and commission income	10.5	11.9
Other operating expenses	-0.1	-2.2
General administrative expenses	-74.6	-64.0
Results from financial assets and shareholdings	-11.6	8.5
Results prior to risk provisioning	**-30.9**	**61.5**
Loan loss provisions	41.5	-235.8
Earnings before taxes	**10.6**	**-174.3**
Taxes on income and earnings	-0.9	-1.3
Earnings after taxes	**9.7**	**-175.6**

Balance sheet in EUR billion	30 June 2012	31 Dec. 2011
Total assets	79.4	50.8
Business volume	86.9	58.9
Loan transactions	61.2	32.1

Winding-down	30 June 2012	31 Dec. 2011
Notional value (before FX effect) in EUR billion	45.3	51.0
Winding-down activities in EUR billion	-5.7	-12.8
Winding-down activities in %	-11.2	-20.1

Employees	30 June 2012	31 Dec. 2011
Number of employees	79	56

Rating	Short-term rating	Long-term rating
Moody's Investors Service	P-1	Aa1
Standard & Poor's	A-1+	AA-
Fitch Ratings	F1+	AAA

Foreword

Dear Stakeholders,

As in previous periods, the Erste Abwicklungsanstalt (EAA) again realised all of its winding-down objectives in the first half of 2012. Due to exchange rate effects, the acquired portfolio declined by EUR 5.7 billion to EUR 45.3 billion between January and June 2012. Since its establishment in 2009/2010 the EAA has reduced almost 42% of the risk exposures once acquired from WestLB AG (WestLB). This includes, among other things, the entire exit of the Greece portfolio, which was completed in the first half of 2012.

The progress made in winding down the portfolio in just two and a half years leaves us very hopeful that we will achieve our first major milestone as scheduled: the halving of the original EUR 77.5 billion portfolio by 2014, something that we may even be able to do ahead of time.

The results for the first half of 2012 were also positive. The successful reduction of the portfolio allowed the EAA to resolve risk provisions. The income statement for the first half of 2012 closed with a profit of about EUR 10 million. This is all the more encouraging given that the net interest income generated in the first half of 2012 was much lower than in the same period last year, as expected. This is the result of the ongoing portfolio reduction and the rise in interest expense. Since 2011 the EAA has been steadily building up a liquidity buffer in preparation to acquire a second portfolio. This is also the reason why total assets increased to EUR 79.4 billion despite the progress made so far. The EAA's total assets adjusted for available liquidity amounted to EUR 38.0 billion as of 30 June 2012.

At the time this interim report was being prepared, there were no legally-binding or EAA-authorised agreements regarding the proposed acquisition of a second portfolio from WestLB AG (operating under the name Portigon AG since 2 July 2012). However, all necessary contractual transfer conditions were met as of 31 August 2012. The EAA has done more than just build up a liquidity buffer in preparation for the upcoming refill. The EAA also made adjustments to its organisational structures, conducted an analysis of the portfolio to be assumed and developed procedures for the monitoring of the migration process and subsequent operations.

Based on these preparations as well as the experience gained and the progress made in winding down the current portfolio, the EAA is well equipped to meet the challenges it faces. The business volume will increase by some EUR 100 billion, meaning that in future we will be reporting on the development of a total portfolio being worth about EUR 150 billion. We aim to present an integrated strategy for creating a winding-down process that protects the portfolio's value by the end of 2012.

Sincerely,

Matthias Wargers
Member of the Managing Board

Markus Bolder
Member of the Managing Board

Erste Abwicklungsanstalt
Interim Report as of 30 June 2012

Interim Management Report

for the period from 1 January 2012 to 30 June 2012

Wind-down report

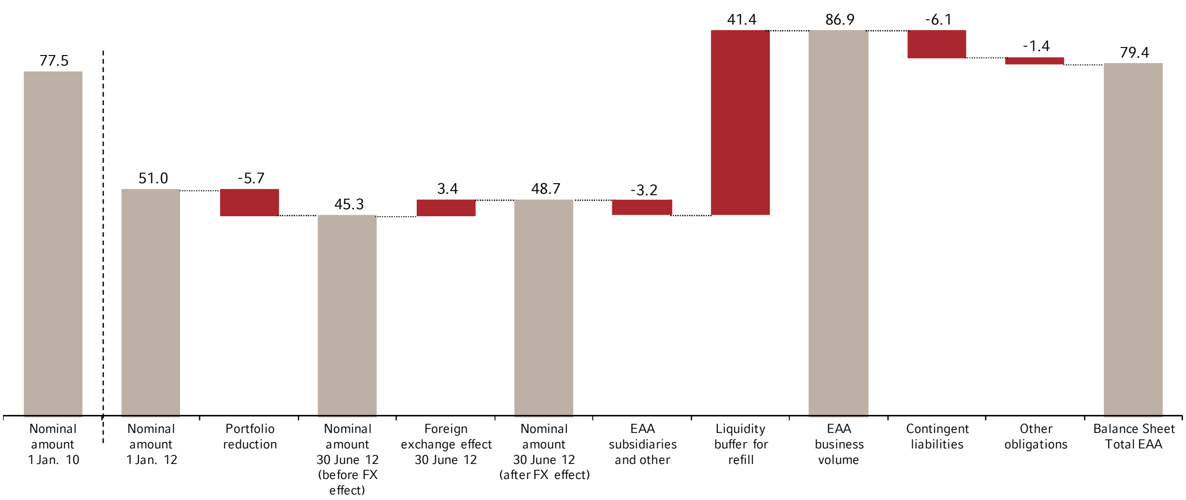
The amounts and developments discussed in this chapter are regularly reported to the Federal Agency for Financial Market Stabilisation (FMSA) as part of its supervision of the EAA as well as to the EAA's supervisory bodies. They relate to the entire risk portfolio transferred to the EAA, regardless of whether these amounts are held on or off balance sheet in the EAA's unconsolidated financial statements or whether the corresponding assets are held via subsidiaries (look-through approach). The assets held by subsidiaries are included based on the companies' monthly reports.

The notional volume of the portfolio transferred from Portigon AG (until 2 July 2012 operating as WestLB AG) [Portigon] declined from EUR 51.0 billion as per 31 December 2011 (using exchange rates as of 31 December 2009; including notional amounts of guaranteed assets and assets held by subsidiaries of the EAA as well as contingent liabilities and other obligations) to EUR 45.3 billion as per 30 June 2012. At current exchange rates, the remaining volume is EUR 48.7 billion.

Since the establishment of the EAA the portfolio has been reduced by EUR 32.2 billion or 41.5%.

The following overview shows the development of the portfolio's notional amounts since 1 January 2012 and the reconciliation to EAA's balance sheet as of 30 June 2012:

Reconciliation of the notional volume to the balance sheet as per 30 June 2012
in EUR billion



Based on the EAA's steering principles, the wind-down success is assessed both on the basis of notional reduction before exchange rate effects (i.e. at constant exchange rates as of 31 December 2009), as well as in terms of business plan impacts. The latter takes into considerations the impact of expected sales proceeds, book values, expected losses, interest income and allocated funding costs for the respective risk positions.

The EAA generated a positive business plan impact of EUR 39.1 million from sales and early repayments in the first half of 2012. This was among others due to successful measures taken in the Financial Institution, Corporates and Public Finance portfolios.

At constant exchange rates (as of 31 December 2009) the EAA successfully reduced the notional volume by EUR 5.7 billion to EUR 45.3 billion (-11.2%) during the first half of 2012. Actively managed transactions such as sales or early repayments accounted for EUR 3.8 billion of this reduction during the current year. The remainder is due to scheduled maturities as well as the exchange of Greek bonds. At current exchange rates the notional volume amounted to EUR 48.7 billion as of 30 June 2012.

The table below shows a breakdown of the portfolio by asset class as of 30 June 2012 and 31 December 2011 and also shows whether these assets are held directly, held indirectly via subsidiaries or guaranteed by the EAA.

	Notional volume (at exchange rates as of 31 Dec. 2009)				Notional volume (at exchange rates as of 30 June 2012)	
Sub-portfolio	Notional 30 June 2012 EUR million	Notional 31 Dec. 2011 EUR million	Delta 31 Dec. 2011 EUR million	in %	Notional 30 June 2012 EUR million	FX effect[1] EUR million
Lending products	**11,315**	**13,498**	**-2,183**	**-16.2**	**12,234**	**919**
Public finance	8,416	9,577	-1,161	-12.1	8,768	352
Other marketable securities	3,421	4,240	-819	-19.3	3,515	94
Securities	**11,837**	**13,817**	**-1,980**	**-14.3**	**12,283**	**446**
Phoenix	17,195	18,256	-1,061	-5.8	18,875	1,680
EUSS[2]	2,195	2,287	-92	-4.0	2,195	-
ABS	2,737	3,172	-434	-13.7	3,105	368
Structured credit	**22,127**	**23,714**	**-1,587**	**-6.7**	**24,175**	**2,048**
Total	**45,279**	**51,029**	**-5,750**	**-11.3**	**48,692**	**3,413**
of which EAA[3]	32,102	36,773	-4,671	-12.7	34,618	2,516
of which EAA subsidiaries	9,003	9,640	-637	-6.6	9,600	597
of which guaranteed assets	4,174	4,616	-442	-9.6	4,474	300

[1] Change in notional volume due to exchange rate effects
[2] European Super Seniors
[3] Cannot be compared to the EAA's business volume or total assets as these also contain non-portfolio related assets

Within the Lending Products sub-portfolio, a material wind-down was achieved in particular in the Diversified Industries, Leveraged Loans and Public Finance clusters. In the Securities sub-portfolio, the decline in the Public Finance cluster was primarily driven by the exit of the Greece portfolio, which was accomplished in the second quarter of 2012. Securities exposure in the Financial Institutions cluster was also considerably reduced in the first half of 2012 through both active measures and maturing transactions. The notional reduction in the Phoenix cluster is due to the partial repayment of the A1-(EUR and USD), B- and X-notes.

Earnings situation, cash flows and financial position

Economic environment

Looking back, the hope that emerged in the first quarter of 2012 – that the European Central Bank (ECB) may have come up with a way out of the debt crisis with the aid of long-term refinancing operations (LTROs) – was a little premature. The debt crisis is once again setting the tone, with Spain and – to a lesser extent – Italy once more at the centre of the crisis. The current market environment is marked by debt crisis-induced uncertainty. This crisis is increasingly making itself felt in the economic development of the eurozone as well as other regions such as the USA and Asia's emerging economies. Generally speaking, economic development is much as we had expected: industrial countries are plagued by the consequences of the burst housing bubble in the USA and the eurozone's sovereign debt crisis.

However, the emerging economies in Asia and Latin America are increasingly showing signs that it will be impossible to maintain the strong expansion seen in 2010 and 2011. The global slowdown is influenced by a number of factors.

US economic growth fell short of expectations. The labour market, in particular, was weak during the first half of 2012: 275,000 jobs were created in January, but this dropped to a disappointing 80,000 in June. This slowdown has also made itself felt on the purchasing managers indices: the index for manufacturing (ISM Manufacturing) fell from 54.1 points in January to 49.7 points in June and is currently slightly below the critical expansion mark of 50 points. These developments point towards the start of a slump in production; growth rates in the second quarter of 2012 were down on the annualised 1.9% in the first quarter. The Fed's (Federal Reserve Bank) monetary policy remains expansive. The expired "Operation Twist", under which the Fed switched government bonds with short maturities into long-term bonds to reduce US yields, was brought back to life in this summer. The Fed's continued commitment to US government bonds reassured international investors; however, the policies in place do not appear effective when looking at actual economic activity, as the usual US economic recovery mechanisms (stimulating construction and spending) have so far failed to get off the ground, notwithstanding the very low interest-rates.

The sovereign debt crisis is the most significant barrier to growth in the eurozone. Since the first failed parliamentary elections in Greece or at least since the capitalisation problems that hit Spanish banks became all the more urgent in May/June 2012 the crisis has escalated further despite the liquidity provided by the ECB. These problems have hit Spain and Italy, two eurozone economic heavyweights. And as a result, Italy fell back into recession because of the austerity policies implemented by the government headed by Prime Minister Monti; Spain's economic performance is also dropping sharply.

Not even the more stable economies at the heart of the eurozone (Germany, the Netherlands and Luxembourg) were able to escape this trend. Germany's growth has slowed noticeably since the beginning of the year. The manufacturing purchasing managers index fell from 51.0 points in January 2012 to 43.3 points in June 2012. This figure is now considerably lower than the so called expansion threshold which points towards a sharp drop in economic activity. Furthermore, corporate data shows that incoming orders and sales are falling for many companies.: Thus growth patterns in the euro zone show stark differences: while peripheral economies will fall back into recession (Italy, Spain and Ireland) or remain in recession (Greece and Portugal), growth rates will drop considerably in the monetary area. Germany just escaped seeing a drop in gross domestic product in the second quarter of 2012 with growth of 0.5%; France more or less stagnated at 0.2%.

The debt crisis has also left its mark on the financial markets. German government bond (Bund) yields are currently fluctuating wildly. The ten-year Bund yield hit a new all-time low in the second quarter of 2012. Yields fell to a low of 1.17% at the end of May in response to the uncertainty surrounding Greek elections which took place from the end of April to mid-May. There was great demand for safe investments during this time. While Bund yields fell, yields for Italian and Spanish bonds continued to rise even higher. The additional debt burden on the government purse resulting from the extensive recapitalisation of Spanish banks and from financially weaker regions has permanently shaken investor confidence in the way in which peripheral countries manage their budgets. This led to a 100 basis point rise in the ten-year Spanish government bond yield to 6.37% in the second quarter of 2012. A trend that further picked up pace in June. At 7.62%, the ten-year Spanish government bond yield hit its highest level since the introduction of the euro.

Repaying government and private debt after the major financial market crisis remains the dominant topic of discussion. As a result of the debt crisis-induced uncertainty and fiscal withdrawal, eurozone peripheral countries will remain in recession for the rest of 2012. The resulting moderating effect on the heart of the eurozone must not be underestimated: eurozone economic performance is expected to fall by a total of 0.4% in 2012. We believe that the eurozone as a whole will not start to recover from recession until 2013, when economic performance is likely to rise by 0.5% to 1%. However, core and peripheral eurozone countries will see substantial disparities. While Germany's growth is not expected to drop in 2012 but rather rise by a good 0.5%, the economic slowdown in Italy is likely to be significant at -2%. We predict growth of some 1.3% for Germany in 2013, while we do not expect much growth at all in Italy.

In the coming years US growth is likely to be rather disappointing by historical standards. The economy is expected to grow by just under 2% in 2012 despite very expansive fiscal and monetary policies. Still, this is considerably better than the growth rates other industrial countries will see. Nevertheless, the USA will not be able to avoid implementing austerity measures, too. The fiscal withdrawal, which goes hand in hand with a deficit reduction from 8.2% of GDP in 2011 to a pre-crisis level of 2.5%, is considerable. In addition, the US real estate market will continue to be slowed by a supply surplus (albeit a declining one), meaning that the labour-intensive construction sector, in particular, will need some time before it recovers. We therefore predict growth of some 2% in 2012, rising slightly to 2.2% in 2013.

Earnings situation

The EAA'S earnings situation at the end of the first half of 2012 was marked by net interest income of EUR 44.9 million. The year-on-year decline in net interest income was primarily due to high refinancing costs related to establishing a liquidity buffer for the upcoming refill.

As of 30 June 2012, determining the value of structured products (Phoenix and House of Europe) resulted in a positive profit contribution of EUR 122.8 million.

Almost the entire Greece portfolio was sold by the end of the first half of 2012. While combating Greece's debt crisis had had a negative impact at the beginning of the year, the EAA's participation in the agreed debt exchange as well as the subsequent sale of Greek bonds resulted in a largely balanced profit contribution.

In the traditional lending business, an increase of risk provisioning led to a negative contribution of EUR 27.9 million.

The rise in other administrative expenses was primarily a result of additional expenses for the upcoming refill.

The income statement below is presented in the format used internally by the EAA.

Income statement for the period 1 January until 30 June 2012

	1 Jan.-30 June 2012	1 Jan.-30 June 2011	Delta	
	EUR million	EUR million	EUR million	in %
Net interest income	44.9	107.3	-62.4	-58.2
Net fee and commission income	10.5	11.9	-1.4	-11.8
Total other operating income/expenses	-0.1	-2.2	2.1	95.5
Personnel expenses	-5.3	-3.9	-1.4	-35.9
General and administrative expenses	-69.3	-60.1	-9.2	-15.3
of which: expenses for service level agreements with Portigon	-38.4	-43.1	4.7	10.9
Net income from investment securities and long-term equity investments	-11.6	8.5	-20.1	>-100,0
Results prior to risk provisioning	**-30.9**	**61.5**	**-92.4**	**>-100,0**
Loan loss provisions	41.5	-235.8	277.3	>100,0
Earnings before tax	**10.6**	**-174.3**	**184.9**	**>100,0**
Taxes on income and earnings	-0.9	-1.3	0.4	30.8
Net profit for the year/net loss for the year	**9.7**	**-175.6**	**185.3**	**>100,0**
Net retained losses brought forward	-2,525.9	-1,647.6	-878.3	-53.3
Net retained losses	-2,516.2	-1,823.2	-693.0	-38.0

Financial position and issuing activity

In the first half of 2012, the EAA made extensive use of the capital market. The company covered its refinancing needs and was successful in establishing a liquidity buffer for the upcoming refill. In the liquid benchmark segment, two transactions were placed during this period worth a total of EUR 3.25 billion. All in all, new issues of medium- and long-term refinancing from January to June 2012 totalled EUR 18.5 billion, USD 1.2 billion and GBP 1.1 billion.

In addition, the EAA used its good access to the capital market, by means of its commercial paper programme, for short-term liquidity steering. As of the end of June 2012, the volume of circulating commercial papers amounted to EUR 2.2 billion, USD 9.8 billion and GBP 2.6 billion.

Financial position

Assets

	30 June 2012	31 Dec. 2011	Delta	
	EUR billion	EUR billion	EUR billion	in %
Loans and advances to banks	46.1	15.4	30.7	>100,0
Loans and advances to customers	7.6	8.6	-1.0	-11.6
Securities	23.9	25.0	-1.1	-4.4
Long-term equity investments and shares in affiliates	1.3	1.4	-0.1	-7.1
Other assets	0.5	0.4	0.1	25.0
Total assets	**79.4**	**50.8**	**28.6**	**56.3**

Liabilities and equity

	30 June 2012	31 Dec. 2011	Delta	
	EUR billion	EUR billion	EUR billion	in %
Deposits from banks	15.0	5.6	9.4	>100,0
Deposits from customers	4.7	5.7	-1.0	-17.5
Debt securities in issue	58.1	37.5	20.6	54.9
Provisions	0.1	0.1	0.0	0.0
Other liabilities	0.9	1.3	-0.4	-30.8
Equity	0.6	0.6	0.0	0.0
Total liabilities and equity	**79.4**	**50.8**	**28.6**	**56.3**
Contingent liabilities	6.1	6.7	-0.6	-9.0
Other obligations/loan commitments	1.4	1.4	0.0	0.0
Business volume	**86.9**	**58.9**	**28.0**	**47.5**

The EAA's total assets as of 30 June 2012 were EUR 79.4 billion. Its business volume, which also includes off-balance sheet items, amounted to EUR 86.9 billion.

Loans and advances to banks increased by EUR 30.7 billion in the first half of 2012 to EUR 46.1 billion. This was mainly due to the continued establishing of a liquidity buffer for the acquisition of additional Portigon portfolios in the second half of 2012. This additional liquidity will be invested in banks in the form of overnight deposits and term money until these portfolios are in fact acquired.

The acquisition of this liquidity from new EAA issues also resulted in a year-on-year rise in deposits from banks (EUR 9.4 billion) as well as a rise in debt securities in issue (EUR 20.6 billion).

Loans and advances to customers decreased since 31 December 2011, reflecting the progress made in winding down the portfolio in the first half of 2012. Securities, particularly repayments for structured securities (approximately EUR 1.2 billion), also continue to fall.

The EAA's total assets adjusted for available liquidity amounted to EUR 38.0 billion. Taking into account contingent liabilities adjusted for transactions with EAA Covered Bond Bank plc, Dublin, Ireland (EAA CBB) (EUR 5.5 billion) and irrevocable loan commitments (EUR 1.0 billion), the EAA's business volume totalled EUR 44.5 billion.

The EAA's progress made in winding down the portfolio can also be seen off balance sheet, where contingent liabilities decreased by EUR 0.6 billion in the first half of 2012.

Please refer to the chapter "Wind-down report" for more information.

Lending business

The lending business comprises receivables, payment obligations arising from irrevocable loan commitments pledges and other guarantees. Contingent liabilities also include Portigon risk positions, which were transferred using the "guarantee" alternative. Receivables also include registered and other non-marketable debt instruments as well as time deposits and mortgage-backed loans from the retail banking business.

Lending business

	30 June 2012	31 Dec. 2011	Delta	
	EUR billion	EUR billion	EUR billion	in %
Loans and advances to banks	46.1	15.4	30.7	>100,0
Loans and advances to customers	7.6	8.6	-1.0	-11.6
Contingent liabilities	6.1	6.7	-0.6	-9.0
Other obligations/loan commitments	1.4	1.4	0.0	-
Lending business	**61.2**	**32.1**	**29.1**	**90.7**

Summary of the business situation for the period 1 January until 30 June 2012

As shown, the net profit for the first half of the year was attributable to the progress made in winding down the portfolio as well as the related effects from the release of risk provisioning. Apart from this effect, the net interest and net fee and commission income was used to finance expenses for ongoing operations, and above all, the establishment of the EAA in terms of the acquisition of additional Portigon risk positions.

The rise in total assets is primarily due to the continued build-up of liquidity for the portfolios to be taken over. The EAA's financial position is in good order; equity as of 30 June 2012 amounted to EUR 623.7 million. EAA had sufficient liquidity at all times.

Risk report

An overview of risk management

The common objective of the shareholders and EAA is to minimise the strategic winding-down risk.

During the reporting period the EAA has made further progress in realising the wind-down plan. Wind-down activities focused primarily on the reduction of the portfolio transferred from Portigon and mitigating risks.

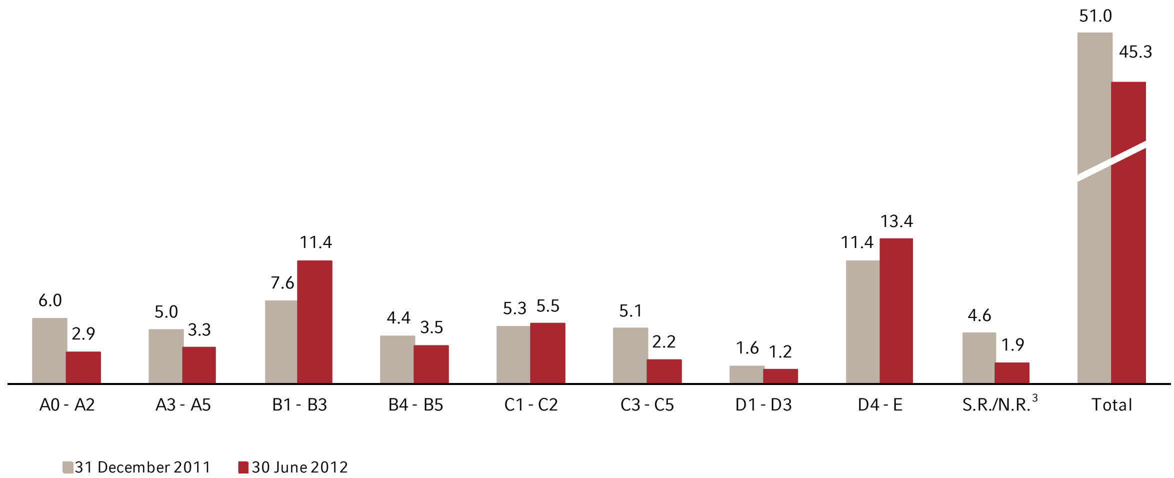
The Managing Board defines the principles of risk management and steering, and discusses these with the Supervisory Board's Risk Management Committee. The EAA's overall risk management strategy is the basis for its risk management framework. It includes the basic principles for risk management, defines the key risk categories and identifies the core elements of the risk management process. The general risk management strategy is supplemented by specific strategies for managing individual risks including the related wind-down strategies. Specifically, this means that the EAA has defined individual strategies for five risk categories: credit risk, market risk, liquidity risk, operational risk and other risks.

Credit risks

Portfolio Risk Overview

In the first half of 2012 the notional volume of the portfolio was reduced by EUR 5.7 billion to EUR 45.3 billion (at constant exchange rates as of 31 December 2009). The EAA itself holds (or guarantees) 80% of total notional volume and the remaining 20% are held by its subsidiaries. Please refer to the chapter "Wind-down report" for more detailed information on the wind-down success.

Notional volume by internal rating categories[1]
in EUR billion[2]



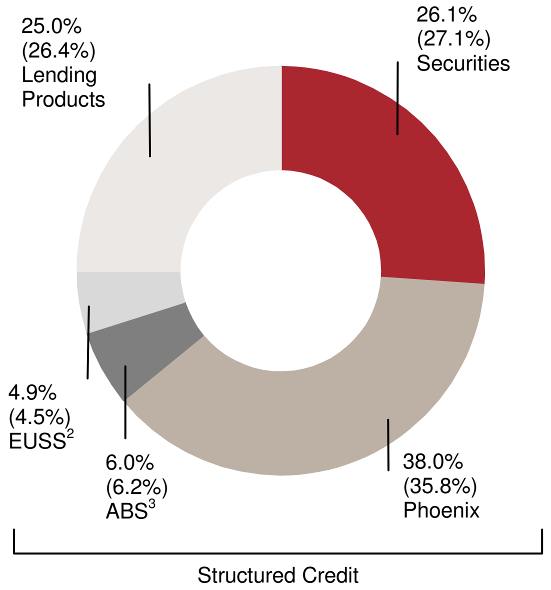
1 Including the agreed change in methodology for Phoenix as of 30 June 2012 – rating notes rather than individual assets
2 Excluding exchange rate effects
3 Special rating / not rated

The quality of the overall portfolio is reflected by an investment grade rating share (rating categories A0-C2) of around 59%. Approximately 14% of the notional volume has a very good rating (A0-A5) and close to 45% has a medium rating of B1-C2. The EAA continues to aim for a reduction across all rating categories. The changes in the rating distribution for the Lending portfolio in the first half of 2012 were primarily driven by the portfolio reductions in the C1-C2 and C3-C5 rating categories. The first half of 2012 also saw a rating shift in the Securities portfolio – mainly in the medium rating categories – due to Portugal's downgrade in March as well as changes in ratings for Spanish banks and public issuers in May. The increase in the B1-B3 and D4-E rating categories results from a change in the rating methodology used for Phoenix that had been agreed with the FMSA. The Phoenix rating distribution is now based on the Phoenix notes rather than the underlying individual assets. This results in a risk classification for the entire Phoenix portfolio, including the guarantee provided by the State of NRW.

The table below shows a reconciliation of EAA's internal ratings to external ratings:

INTERN	EXTERN		
EAA	Moody's	S&P	Fitch
A0	Aaa	AAA	AAA
A1	Aaa	AAA	AAA
A2	Aa1	AA+	AA+
A3	Aa2	AA	AA
A4	Aa3	AA-	AA-
A5	A1	A+	A+
B1	A1	A+	A+
B2	A2	A	A
B3	A3	A–	A–
B4	Baa1	BBB+	BBB+
B5	Baa1	BBB+	BBB+
C1	Baa2	BBB	BBB
C2	Baa3	BBB-	BBB-
C3	Ba1	BB+	BB+
C4	Ba2	BB	BB
C5	Ba3	BB-	BB-
D1	B1	B+	B+
D2	B2	B	B
D3	B2	B	B
D4	B3	B–	B–
D5	Caa1 bis C	CCC+ bis C	CCC+ bis C
E	C	C	C

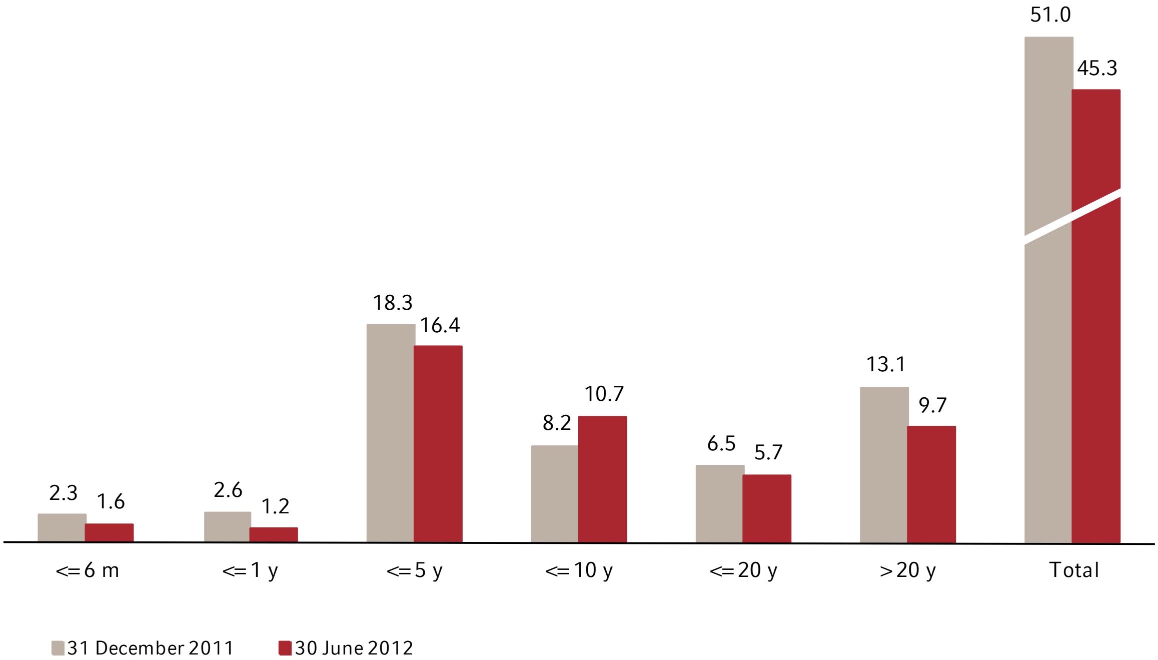
Notional volume by Sub-portfolios as of 30 June 2012
100% = EUR 45.3 billion[1]
(in brackets: amounts as of 31 December 2011)



[1] Excluding exchange rate effects
[2] European Super Seniors
[3] Asset Backed Securities

The portfolio of EAA Group consists of three sub-portfolios: Structured Credit (49%, consisting of Phoenix, ABS and EUSS), Lending Products (25%, of which again 39% are in the Real Estate sector, 15% in the Transportation sector, 10% in Leveraged Finance, and 9% in Asset Securitisation), and Securities (26%). The largest Structured Credit sub-portfolio is Phoenix, which accounts for 38% of the total notional volume (please refer to section "Phoenix" for further details).

Notional volume by maturities[1]
in EUR billion[2]

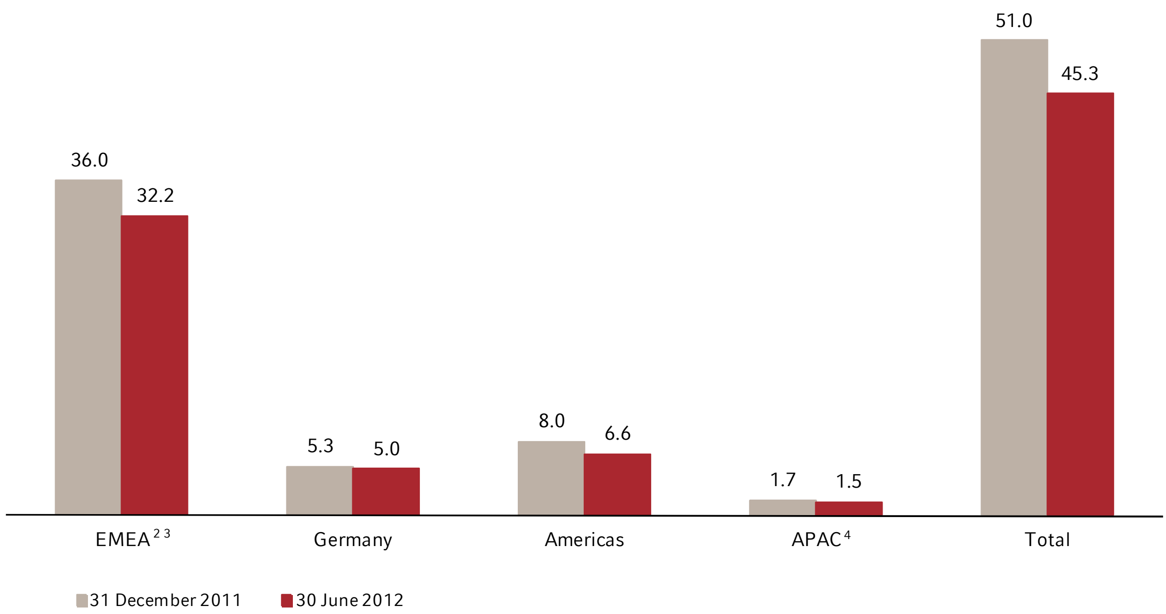


[1] Phoenix – based on expected maturities of the notes as of 30 June 2012
[2] Excluding exchange rate effects

The largest part of the portfolio, with a share of 42%, is comprised of medium-term exposures with maturities of six months to five years. These are primarily loans as well as securities from public issuers and Phoenix. The changes in maturity ranges, especially the increase in the maturity range up to 10 years, are due to a change in methodology for Phoenix, whereby the maturities of the underlying assets are replaced by the expected maturities of the Phoenix notes.

The other changes within the maturity ranges reflect the portfolio management executed during the first half of 2012.

Notional volume by region
in EUR billion[1]



[1] Excluding exchange rate effects. Regional distribution by issuer or guarantor
[2] Europe, Middle East and Africa; excluding Germany
[3] Contains EUR 3.8 billion for the Phoenix B note, guaranteed by the state of NRW
[4] Asia, Pacific and Japan

The breakdown of the notional volume by regions reflects the progress made in portfolio wind-down during the first half of 2012. About 71% of notional volume can be attributed to the EMEA region – Europe (excluding Germany), the Middle East and Africa. This includes the EAA's Irish subsidiaries – especially EAA CBB – which have a significant US-exposure, as well as the Phoenix portfolio (including the B-note guaranteed by the State of NRW). A further 11% of notional volume are with German issuers and guarantors. The APAC region remains at 3%. The decrease in the EMEA region in the first half of 2012 is primarily due to the full exit of the Greece portfolio as well as repayments of Phoenix bonds.

Phoenix

A significant part of the EAA's Structured Credit portfolio consists of the ten tranches of the Phoenix Light SF Ltd. securitisation.

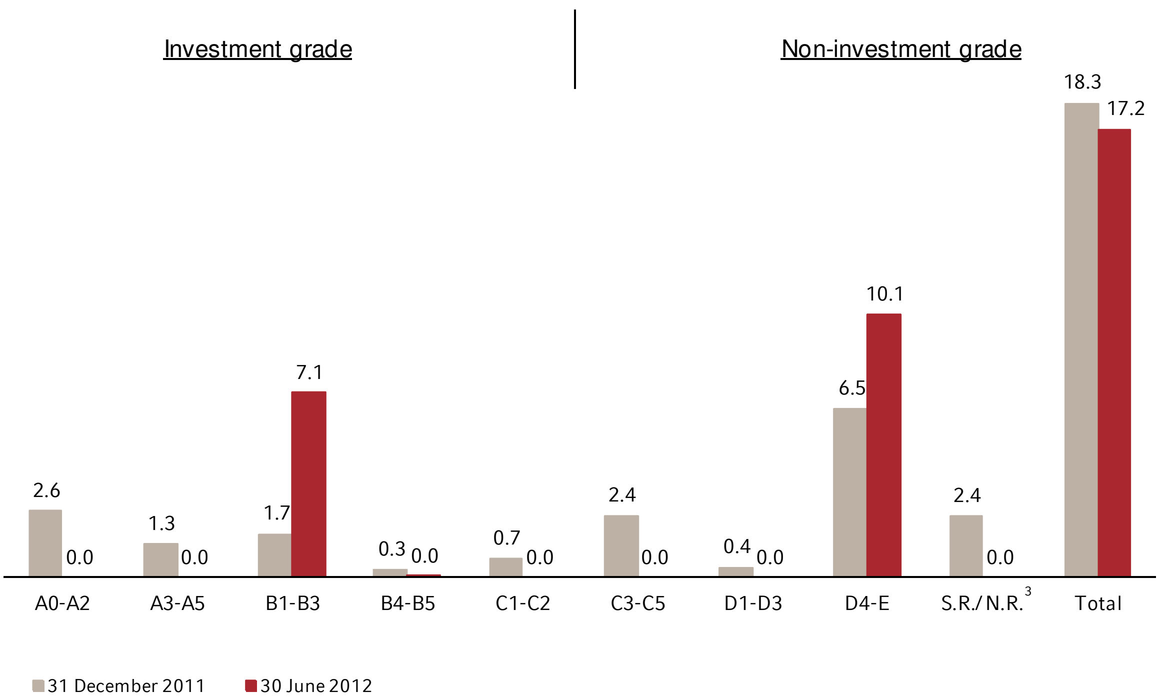
The by far largest part of the securitised Phoenix portfolio (approximately 89%) is denominated in US-dollars and represents US-risk, primarily in the real estate market. As the Phoenix Light SF Ltd. single purpose vehicle is based in Dublin, the exposure is reported under the EMEA region. Repayments in the reporting period resulted in a decrease of the Phoenix nominal volume to EUR 17.2 billion as of 30 June 2012 (calculated at constant exchange rates as of 31 December 2009).

Phoenix Notes Capital Structure
in million

Tranche	Amount as of 30 June 2012		S&P Rating	Legal maturity	Weighted average maturity
Class X	40	EUR	A-	09.02.2015	1.34
Class A1	9,384	USD	A-	09.02.2091	2.05
	593	EUR	A-	09.02.2091	2.07
Class A2	3,102	USD	B-	09.02.2091	4.51
	226	EUR	B-	09.02.2091	5.20
Class A3	2,387	USD	CCC-	09.02.2091	6.40
	701	EUR	CCC-	09.02.2091	8.30
Class A4	1,909	USD	CCC-	09.02.2091	13.25
	181	EUR	CCC-	09.02.2091	9.05
Class B	3,805	EUR	Not rated	09.02.2091	2.42

In terms of rating structure, the Phoenix portfolio is split into two parts. 41% consist of risk exposures with an investment grade rating and consequently a lower likelihood of default. The remainder of the portfolio has been significantly downgraded over the past four years and therefore represents a large part of the Phoenix portfolio's default risk. The reported maturities relate to the expected amortisation profile of the underlying portfolio. The EAA currently anticipates that the Phoenix structure will be dissolved prematurely in 2018, and the underlying portfolio transferred directly to EAA's balance sheet.

Ratings for Phoenix assets[1]
in EUR billion[2]



1 Including the agreed change in methodology for Phoenix as of 30 June 2012 – rating notes rather than individual assets
2 Excluding exchange rate effects
3 Special rating/not rated (mainly Harrier liabilities (cash items) and cash equivalents) as of 31 March 2012 – methodology changed as of 30 June 2012

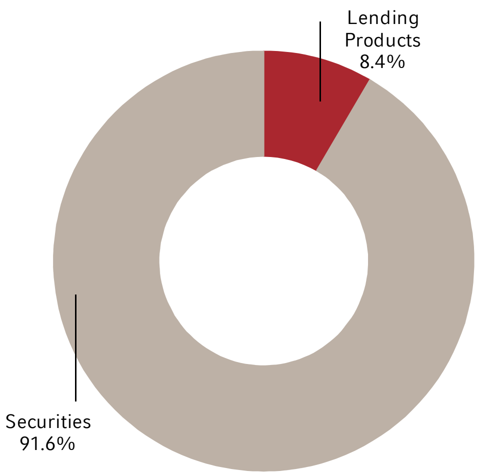
In addition to the ongoing sale of parts of the portfolio by using opportunities, the EAA is actively working with the parties involved in Phoenix towards the implementation of further measures to optimise the wind-down result. These measures include both the active pursuit of legal measures in relation to individual portfolio securities and the restructuring of non-performing securities in order to increase the fundamental value compared to the "hold" scenario.

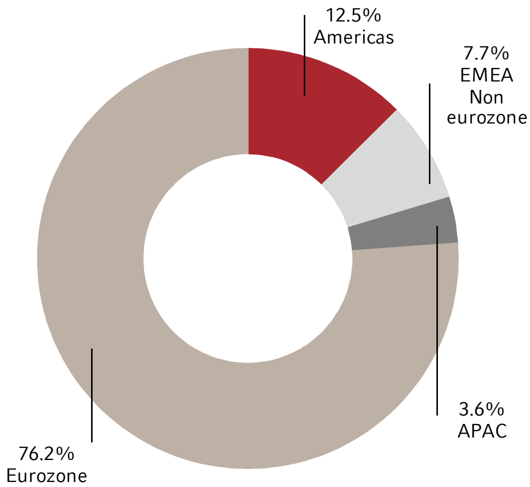
Public Finance

The public sector exposure as of 30 June 2012 amounts to a notional volume of EUR 9.2 billion. The volume has been reduced by EUR 1.4 billion since 31 December 2011. This 13% reduction was primarily due to the completed exit of the Greece portfolio and the termination of the associated credit default swaps.

Securities account for 92% of the public sector exposure, in particular bonds issued in EU member states (including regional and municipal issuers). These are held in part directly by the EAA and in part by the Irish subsidiary EAA CBB. The majority of the remaining 8% are loans with states, municipalities or other public institutions in North America and Europe.

Public Finance exposure by products and regions as of 30 June 2012
100% = EUR 9.2 billion[1]





[1] Excluding exchange rate effects. Regional distribution by borrower or guarantor

Greece, Spain and other EU countries

EAA's fully exited its Greece exposure (including governmental as well as other public and private borrowers) in the second quarter of 2012.

This was partially achieved through the exchange of the outstanding EUR 209.4 million old Greek bonds for new ones under the PSI programme in the second quarter of 2012. Further wind-down measures resulted in a reduction of the EAA's Greece exposure to EUR 0 as of 30 June 2012.

EAA's notional exposure in Spain (including governmental as well as other public and private borrowers) amounted to EUR 2.4 billion as of 30 June 2012. The Spanish regions, which represent a significant part of the EAA's Spanish public finance portfolio, are experiencing increasing refinancing problems. The central government is trying to support its regions by providing financial aid – via the state-owned Instituto de Crédito Oficial [ICO] and the new Fondo para la Financiacion de los Pagos de Proveedores [FFPP] fund. In addition, the Spanish government approved two banking sector reforms (RDL – 1 and RDL – 2). The reforms include an increase of risk provisioning for the banks' real estate portfolios. It is expected that banks will require additional capital injections which will be provided by EU support measures via FROB, the Spanish government's bank rescue fund.

Following the exit of the Greece portfolio the EAA is refocusing on risks in other peripheral countries and is actively working on economically viable solutions to reduce risks.

The table below shows the total exposure of the EAA and its subsidiaries to Greece, Ireland, Italy, Portugal, Spain and the European Financial Stability Facility (EFSF):

Country[1]	Borrower group	Notional in EUR million[2]
Greece	Financial Institutions	0.0
	Public Finance	0.0
Σ Greece		0.0
Ireland	Financial Institutions	2.7
	Public Finance	80.0
Σ Ireland		82.7
Italy	Corporates	262.6
	Financial Institutions	539.2
	Public Finance	2,161.2
Σ Italy		2,963.0
Portugal	Corporates	34.2
	Financial Institutions	55.0
	Public Finance	1,649.1
Σ Portugal		1,738.3
Spain	Corporates	335.4
	Financial Institutions	890.9
	Public Finance	1,150.4
Σ Spain		2,376.7
EFSF	Public Finance	154.6
Σ EFSF		154.6
Total		**7,315.3**
of which:	Corporates	632.2
of which:	Financial Institutions	1,487.8
of which:	Public Finance	5,195.3

[1] Economic view, may differ from the borrower's legal country of residence (for Corporates and Financial Institutions)
[2] based on current exchange rates as of 30 June 2012

Problem loans and allowances for losses on loans and advances

Allowances for losses on loans and advances/securities/long-term equity investments due to credit risk

	Provisions for loan losses EUR million	Charge-offs EUR million	Net change in loan loss provision EUR million	Other exp./inc. due to risk EUR million	Total allow. losses EUR million
Acute counterparty default risk	**-111.3**	**141.1**	**29.8**	**-7.7**	**22.1**
Credit risk	-109.3	139.6	30.3	-4.5	25.8
Country risk	-2.0	1.5	-0.5	0.0	-0.5
Other risk	0.0	0.0	0.0	-3.2	-3.2
Contingent counterparty default risk	**0.0**	**19.4**	**19.4**	**0.0**	**19.4**
Total	**-111.3**	**160.5**	**49.2**	**-7.7**	**41.5**

Market risks

As a result of the existing portfolio structure there are interest rate and foreign exchange risks (particularly in relation to the US dollar) which are nearly fully hedged in line with the provisions of the wind-down plan. In accordance with the risk profile the EAA's hedging activities are mainly focussed on interest rate and foreign exchange risks.

Interest rate risk is hedged by refinancing with matching maturities or via derivative transactions. Foreign exchange risks are managed through corresponding hedging transactions and by refinancing in matching currencies. Interest rate and foreign exchange positions are managed continually by the Treasury department and monitored and analysed daily by Market Risk Management.

Due to EAA's long-term perspective and the applicable accounting policies, changes in credit spreads have no direct impact on the EAA. The wind-down strategy aims to realise the intrinsic value of the exposure rather than steering based on short-term capital market fluctuations. However, all exposures are monitored and if required, decisions are made to exit specific exposures. Therefore no limits for credit spread risks are in place.

All non-linear risks in the portfolio were eliminated using micro-hedges resulting in a simple, linear risk profile. Micro-hedge effectiveness is assessed regularly.

Liquidity risks

The EAA distinguishes between tactical and strategic liquidity risks:

- Tactical liquidity risk is the risk of not being able to generate sufficient liquidity over the short term (time horizon of up to one year) to meet contractual payment obligations.

- Strategic liquidity risk is the risk of not being able to implement funding measures set out in the funding plan on the market, in whole or in part.

The EAA's affiliates and subsidiaries are actively included in its liquidity planning and management process so as to ensure an optimal access to liquidity.

Due to the Liable Stakeholders' duty to offset losses incurred by the EAA and the rating of its guarantors, the EAA has been positively received on the capital markets. Therefore, the risk concerning EAA's specific funding options on the markets is less material than the risk of systemic market illiquidity.

Summary of risk situation

The EAA was established in order to assume the risk exposures and non-strategic business units of Portigon and its domestic and foreign subsidiaries, and to wind these down based on a long-term wind-down plan while preserving value. Value fluctuations in the interim are of less significance.

To that end in particular, winding-up agencies in accordance with section 8a Financial Market Stabilisation Fund Act (FMStFG) were exempted from capital requirements, the obligation to prepare consolidated financial statements and other statutory provisions that apply to commercial banks. The EAA is thus primarily geared toward assuming credit risks. In terms of available capital for risk coverage, EAA has a capital base that was calculated on the basis of stressed anticipated losses. A guarantee for unexpected losses and shareholders' duty to offset losses are also in place.

In its risk management activities, the EAA strives to reduce the credit risk resulting from the wind-down of the portfolio. To that end, wind-down success and deviations from the wind-down plan are continually monitored and held against the plan. Please refer to the section "Wind-down report" for more detailed information.

The EAA's liquidity risk will decrease to the extent that the EAA can continue to obtain funding on the capital market at matching maturities and in matching currencies. Due to its good rating, the EAA enjoys a stable funding situation. During the reporting period, the EAA built up a liquidity buffer for the transfer of additional Portigon exposures and is therefore well prepared for the upcoming refill.

Market risks are largely limited.

The EAA has introduced a tight service provider steering system and an internal control system in order to manage operational risks.

The Phoenix and EUSS structured securities continue to constitute the largest individual risks. The US economy and development of the US real estate market play a prominent role in the EAA's risk situation. The EAA has provided sufficiently for any known risks. Its equity is available as aggregate risk cover for unexpected risks that are not yet currently foreseeable.

The EAA's exposure in Greece was completely exited at the end of the reporting period. Additional risks resulting from the government debt crisis, also beyond Greece, are being monitored closely and in a timely fashion.

The EAA will continue to place a special focus on sustainable and consistent risk management.

Events after 30 June 2012

There are no reportable events affecting any risk exposures acquired or guaranteed by the EAA.

Outlook

A letter of intent was signed on 29 June 2011 between Portigon´s shareholders, EAA´s shareholders, Portigon, EAA and the Financial Market Stabilisation Fund represented by the FMSA in the form of a so-called framework agreement for Portigon's restructuring plan. This stipulates that additional Portigon portfolios are to be transferred to the EAA during the course of the 2012 financial year.

At the time the interim report was prepared, there were no legally-binding or FMSA-authorised agreements beyond this letter of intent.

However, the EAA plans to put in place all necessary, contractual portfolio transfer conditions for the transfer of the portfolio from Portigon to the EAA by 31 August 2012. The EAA is currently holding intensive discussions with its shareholders, the FMSA and Portigon.

Since mid-2011, the EAA has also undertaken and reinforced activities to prepare for the upcoming transfer of additional Portigon portfolios.

These activities include, among other things, adjustments to the EAA's organisational structures and a review of a sample of the portfolio. The EAA also developed a control concept to identify the core risks of the migration process and the subsequent operations. In particular, this refers to measures designed to check the plausibility of the winding-down plan to be filed by Portigon, the preparations for the revision of the contracts between the EAA and Portigon, as well as establishing a liquidity buffer for the rising refinancing volume resulting from the portfolio transfer.

The effect that these changes will have on earnings is currently impossible to estimate as the EAA has not yet been provided with neither complete volume nor income figures. We again anticipate liquidity to be satisfactory in 2012, especially in light of the liquidity buffer.

Our forecasts of general economic conditions contain a subdued picture for eurozone and global growth. Growth in 2012 is expected to vary greatly, especially within the eurozone. While Germany and other core eurozone countries are likely to avoid renewed recession, growth in peripheral countries will be rather disappointing. We anticipate a further rise in the expected loss from affected exposures. The growth differential between the eurozone and the United States is in favour of the United States. As a result, the EAA believes that the refinancing of USD-dominated assets will likely remain expensive and will impact earnings in 2012.

The EAA defined an extensive disposal portfolio for 2012. In addition to contractual maturities, the EAA is also actively pushing for early redemptions or sale of risk positions if this proves to be more favourable than the main “hold” strategy, i.e. especially when disposal gains can be generated or expected winding-down costs can be cut.

All in all, the EAA plans to reduce its current portfolio by approximately EUR 10 billion in 2012. Restructuring is anticipated to focus on Asset Securitisation, Leveraged Loans, Diversified Industries and Hospitality clusters. The regional focus will be on the Americas, the Middle East and France. Here the EAA strives to continue to reduce complexities, especially those resulting from foreign currency financing and derivatives.

Balance sheet

as of 30 June 2012

Assets

	Note	EUR	EUR	30 June 2012 EUR	31 Dec. 2011 EUR
1. Loans and advances to banks	*3, 23*				
a) payable on demand			8,956,342,797.93		(4,129,050,651.21)
b) other loans and advances			37,150,403,276.99		(11,216,815,960.08)
				46,106,746,074.92	15,345,866,611.29
2. Loans and advances to customers	*4, 5, 12, 23*			7,630,380,077.23	8,636,218,423.45
of which:					
secured by mortgage charges					
EUR 411,301,824.64 (py: EUR 429,798,867.66)					
Public-sector loans					
EUR 342,626,886.22 (py: EUR 362,779,021.97)					
3. Bonds and other					
fixed-income securities	*6, 12, 13, 23*				
a) Money market instruments issued by public issuers			23,575,306.70		(0.00)
of which:					
eligible as collateral with Deutsche Bundesbank					
EUR 23,575,306.70 (py: EUR 0.00)					
b) Bonds issued by					
ba) public issuers		1,694,826,484.48			(1,759,912,113.68)
of which:					
eligible as collateral with Deutsche Bundesbank					
EUR 1,581,491,572.41 (py: EUR 1,672,160,259.90)					
bb) other issuers		21,127,954,954.38			(22,641,941,870.56)
of which:			22,822,781,438.86		(24,401,853,984.24)
eligible as collateral with Deutsche Bundesbank					
EUR 2,081,857,668.03 (py: EUR 2,525,995,784.77)					
c) Own bonds					
Notional value EUR 1,076,230,799.05 (py: EUR 601,128,626.63)			1,079,961,354.15		(613,330,328.10)
				23,926,318,099.71	25,015,184,312.34
4. Equities and other non-					
fixed-income securities	*7*			20,510,770.36	26,319,877.36
5. Long-term equity investments	*8*			71,069,060.37	86,313,504.06
of which:					
in banks					
EUR 11,400,000.00 (py: EUR 15,517,912.50)					
in financial service providers					
EUR 0.00 (py: EUR 0.00)					
6. Shares in affiliates	*9*			1,219,568,268.78	1,288,458,999.85
of which:					
in banks					
EUR 1,184,297,094.52 (py: EUR 1,184,297,094.52)					
in financial service providers					
EUR 9,616,191.04 (py: EUR 9,616,191.04)					
7. Intangible assets					
a) paid concessions,					
trademarks and similiar					
rights and values such as licenses					
in such rights			100,129.90		(100,728.38)
				100,129.90	100,728.38
8. Tangible fixed assets				53,000.93	21,246.98
9. Other assets	*10*			60,419,301.04	92,037,162.24
10. Prepaid expenses/accrued income	*11*			357,510,069.77	356,330,180.13
Total assets				**79,392,674,853.01**	**50,846,851,046.08**

Liabilities and equity

	Note	EUR	EUR	30 June 2012 EUR	31 Dec. 2011 EUR
1. Deposits from banks	11, 14				
a) payable on demand			72,475,565.96		(218,233,101.26)
b) with an agreed maturity or withdrawal notice			14,976,129,782.87		(5,378,056,853.52)
				15,048,605,348.83	5,596,289,954.78
2. Deposits from customers	11, 15				
other deposits					
a) payable on demand			638,595.51		(3,758,042.85)
b) with an agreed maturity or withdrawal notice			4,660,717,753.81		(5,695,576,924.27)
				4,661,356,349.32	5,699,334,967.12
3. Debt securities in issue	11, 16				
a) Bonds			13,232,806,494.39		(12,009,117,663.27)
b) Other debt securities in issue			44,911,292,382.81		(25,540,314,287.04)
of which:				58,144,098,877.20	37,549,431,950.31
Money market instruments					
EUR 18,950,423,264.57 (py: EUR 10,834,636,627.18)					
4. Other liabilities	17			468,385,234.42	916,475,823.86
5. Accruals/deferred income	18			379,817,814.46	370,278,108.50
6. Provisions	19				
a) Tax provisions			1,200,998.17		(1,200,998.17)
b) Other provisions			65,463,853.28		(99,797,835.15)
				66,664,851.45	100,998,833.32
7. Equity	20				
a) Called capital					
Subscribed capital		500,000.00			(500,000.00)
Less uncalled outstanding capital		0.00			(0.00)
			500,000.00		(500,000.00)
b) Capital reserves			3,137,006,319.58		(3,137,006,319.58)
c) Revenue reserves					
Other revenue reserves		2,431,408.07			(2,431,408.07)
			2,431,408.07		(2,431,408.07)
d) Net retained losses carried forward			-2,516,191,350.32		(-2,525,896,319.46)
				623,746,377.33	614,041,408.19
Total liabilities and equity				**79,392,674,853.01**	**50,846,851,046.08**
1. Contingent liabilities	25				
Liabilities on guarantees and warrantees			6,051,185,075.50		(6,709,114,681.50)
				6,051,185,075.50	6,709,114,681.50
2. Other obligations	25				
Irrevocable loan commitments			1,358,224,561.42		(1,383,924,348.01)
				1,358,224,561.42	1,383,924,348.01

Income statement

for the period from 1 January to 30 June 2012

	Note	EUR	EUR	1 Jan.-30 June 2012 EUR	1 Jan.-30 June 2011 EUR
1. Interest income from	*21*				
a) Lending and money market transactions		338,302,983.48			(374,466,205.14)
b) Fixed-income securities					
and debt register claims		225,890,290.34			(228,293,628.88)
			564,193,273.82		(602,759,834.02)
2. Interest expense			521,697,581.40		(498,008,637.29)
				42,495,692.42	104,751,196.73
3. Current income from	*21*				
a) Equities and other non-fixed-income securities			2,115,819.09		(2,253,414.22)
b) Long-term equity investments			190,866.62		(314,012.61)
c) Shares in affiliates			93,462.73		(0.00)
				2,400,148.44	2,567,426.83
4. Fee and commission income	*21*		20,038,359.03		(26,143,517.23)
5. Fee and commission expense			9,528,159.93		(14,200,162.68)
				10,510,199.10	11,943,354.55
6. Other operating income	*21, 22*			598,450.85	36,704.83
7. General and administrative expenses					
a) Personnel expenses			5,347,335.84		(3,919,161.82)
b) Other administrative expenses			69,205,187.47		(60,103,538.56)
				74,552,523.31	64,022,700.38
8. Depreciation, amortisation and write-offs on intangible assets and tangible fixed assets				20,596.82	948.63
9. Other operating expenses	*22*			664,421.63	2,205,164.29
10. Allowances for losses on loans and advances and write-offs on certain securites	*19, 23*			385,891,617.63	0.00
11. Income from reversals of write-downs of loans and advances and certain securities, and from reversals of loan loss provisions	*19, 23*			0.00	58,348,918.79
12. Allowances from the write-up of claims and certain securities as well as from the reversal of accruals in the lending business	*23*			0.00	285,670,407.69
13. Income from the reversal of write-offs on long-term equity investments, shares in affiliates and long-term securities	*23*			415,779,777.84	0.00
14. Result from ordinary activities				10,655,109.26	-174,251,619.26
15. Taxes on income and earnings	*24*			927,569.01	1,304,628.70
16. Other taxes not reported under item 9				22,571.11	0.00
17. Net income for the year/net loss for the year				9,704,969.14	-175,556,247.96
18. Net retained losses brought forward				-2,525,896,319.46	-1,647,653,014.55
19. Net retained losses carried forward				**-2,516,191,350.32**	**-1,823,209,262.51**

Cash flow statement

for the period from 1 January to 30 June 2012

			1 Jan.-30 June 2012 EUR	1 Jan.-30 June 2011 EUR
1.		Net loss for the period before extraordinary items	9,704,969.14	-175,556,247.96
		Non-cash items included in net loss for the period and reconciliation to cash flows from operating activities		
2.	+/–	Allowances for losses on loans and advances and write-offs on certain securities, depreciation, amortisation on tangible fixed assets and long term financial assets as well as the reversal thereof	-30,806,688.09	226,591,415.67
3.	+/–	Increase/decrease in provisions	-34,333,981.87	-17,418,828.03
4.	+/–	Other non-cash income/expense	0.00	0.00
5.	–/+	Gain/loss on disposal of long-term financial assets and tangible fixed assets	267,838.79	-1,261,070.44
6.	–/+	Other adjustments (net)	-44,895,840.86	-106,013,994.86
7.	=	Sub-total	-100,063,702.89	-73,658,725.62
		Change in operating assets and liabilities		
8.		Loans and advances		
8a.	+/–	– to banks	-30,741,230,743.53	-515,025,991.45
8b.	+/–	– to customers	619,824,207.91	2,990,398,956.62
9.	+/–	Securities	1,475,145,722.79	-1,690,606,342.15
10.	+/–	Other operating assets	42,246,647.94	195,434,225.52
11.		Deposits		
11a.	+/–	– from banks	9,434,676,651.75	-3,036,703,527.32
11b.	+/–	– from customers	-1,064,343,656.71	-73,746,091.16
12.	+/–	Debt securities in issue	20,754,321,221.61	3,475,732,778.63
13.	+/–	Other operating liabilities	-445,804,748.15	-631,805,417.00
14.	+	Interest and dividends received	600,762,511.97	451,000,337.47
15.	–	Interest paid	-645,608,548.79	-536,076,113.37
16.	+	Extraordinary receipts	0.00	0.00
17.	–	Extraordinary payments	0.00	0.00
18.	+/–	Income tax payments	288,496.12	-1,303,310.43
19.	=	Cash flows from operating activities	**-69,785,939.98**	**553,640,779.74**
20.		Proceeds from disposal of		
20a.	+	– long-term financial assets	76,853,921.88	17,834,622.12
20b.	+	– tangible fixed assets	0.00	0.00
21.		Purchase of		
21a.	–	– long-term financial assets	-2,644,498.41	-271,157,981.16
21b.	–	– tangible fixed assets	-51,752.29	-6,196.45
22.	+	Receipts from disposal of consolidated subsidiaries and other business units	0.00	0.00
23.	–	Purchase of consolidated subsidiaries and other business units	0.00	0.00
24.	+/–	Changes in cash due to other investing activities (net)	0.00	0.00
25.	=	Cash flows from investing activities	**74,157,671.18**	**-253,329,555.49**
26.	+	Cash receipts from issue of capital	0.00	0.00
27.		Cash payments to owners and minority shareholders		
27a.	–	– Dividend payments	0.00	0.00
27b.	–	– other payments	0.00	0.00
28.	+/–	Changes in other capital (net)	0.00	0.00
29.	=	Cash flows from financing activities	**0.00**	**0.00**
30.		Net change in cash funds (sum of 19, 25 and 29)	4,371,731.20	300,311,224.25
31.	+/–	Effect on cash funds of exchange rate movements, changes in reporting entity structure and remeasurement	0.00	0.00
32.	+	Cash funds at beginning of period	160,991,899.35	1,080,976.40
33.	=	Cash funds at end of period	**165,363,630.55**	**301,392,200.65**

The cash funds reported consist entirely of current clearing accounts (demand deposits) held with Portigon. At present, the EAA has no other cash funds as defined under GAS 2.16 et seq.

Statement of changes in equity

for the period from 1 January to 30 June 2012

	Balance as of 1 Jan. 2012 EUR	Other change in capital EUR	Appropriation of net loss EUR	Balance as of 30 June 2012 EUR
Subscribed capital	500,000.00	0.00	0.00	500,000.00
Capital reserves	3,137,006,319.58	0.00	0.00	3,137,006,319.58
Other revenue reserves	2,431,408.07	0.00	0.00	2,431,408.07
Net retained losses	-2,525,896,319.46	0.00	9,704,969.14	-2,516,191,350.32
Equity under HGB	**614,041,408.19**	**0.00**	**9,704,969.14**	**623,746,377.33**

	Balance as of 1 Jan. 2011 EUR	Other change in capital EUR	Appropriation of net loss EUR	Balance as of 30 June 2011 EUR
Subscribed capital	500,000.00	0.00	0.00	500,000.00
Capital reserves	3,137,006,319.58	0.00	0.00	3,137,006,319.58
Other revenue reserves	2,431,408.07	0.00	0.00	2,431,408.07
Net retained losses	-1,647,653,014.55	0.00	-175,556,247.96	-1,823,209,262.51
Equity under HGB	**1,492,284,713.10**	**0.00**	**-175,556,247.96**	**1,316,728,465.14**

Condensed notes

for the period from 1 January to 30 June 2012

General disclosures

1. Accounting principles

In accordance with section 8a (1) sentence 10 in conjunction with section 3a (4) of the FMStFG and the additional guidance of the EAA's articles of association, this interim report of the EAA for the financial year has been prepared under the provisions of the German Commercial Code (Handelsgesetzbuch – HGB) for large public companies and the German Accounting Ordinance for Banks And Financial Service Institutions (Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute – RechKredV). The condensed notes comply with the requirements of German Accounting Standard 16 (Interim Reporting).

The information contained in this report should be read in conjunction with that contained in the published and audited financial statements for the financial year from 1 January to 31 December 2011. All facts were considered up to the time these interim financial statements were prepared.

The interim report was reviewed by the EAA auditor.

2. Accounting and measurement principles

The same accounting and measurement principles were applied to the interim financial statements as to the financial statements for the financial year from 1 January to 31 December 2011.

The assumptions and estimates required, in particular in connection with illiquid portfolios, are based on subjective management judgement and inevitably entail projection uncertainties. Even when estimates are based on available information, past experience and other criteria, actual future events may still vary, which can have a not insignificant impact on our cash flows, financial condition and results of operations. In the EAA's opinion, the parameters used are appropriate and justifiable.

Notes to the balance sheet

3. Loans and advances to banks

	30 June 2012 EUR million	31 Dec. 2011 EUR million
Carrying amount	**46,106.7**	**15,345.9**
of which:		
- to affiliated companies	3,110.0	3,281.6
- to other investees and investors	-	-
payable on demand	8,956.3	4,129.1
due		
- within 3 months	31,488.7	9,390.2
- 3 months to 1 year	4,507.9	362.8
- 1 to 5 years	707.9	930.6
- after 5 years	445.9	533.2

The EUR 30.7 billion rise in loans and advances to banks in the first half of 2012 to EUR 46.1 billion was primarily the result of the continued establishing of a liquidity buffer for the acquisition of additional Portigon portfolios in the second half of 2012. This additional liquidity will be invested in banks in the form of overnight and term deposits until these portfolios are in fact added.

4. Loans and advances to customers

	30 June 2012 EUR million	31 Dec. 2011 EUR million
Carrying amount	**7,630.4**	**8,636.2**
of which:		
- to affiliated companies	421.9	437.8
- to other investees and investors	4.3	4.4
due		
- within 3 months	1,289.9	555.2
- 3 months to 1 year	792.5	1,526.3
- 1 to 5 years	3,014.8	3,222.1
- after 5 years	2,529.9	3,073.0
No stated maturity	3.3	259.6

5. Receivables secured by mortgage charges

	30 June 2012 EUR million	31 Dec. 2011 EUR million
Carrying amount	**411.3**	**429.8**
Loans and advances to customers due		
- within 3 months	4.5	12.3
- 3 months to 1 year	19.7	15.2
- 1 to 5 years	105.3	111.0
- after 5 years	281.8	291.3

6. Bonds and other fixed-income securities

	30 June 2012 EUR million	31 Dec. 2011 EUR million
Carrying amount	**23,926.3**	**25,015.2**
of which:		
Amounts due in the following year	1,829.2	1,528.7
Breakdown		
- Money market instruments	23.6	-
- Bonds issued by public issuers	1,694.8	1,759.9
- Bonds issued by other issuers	21,127.9	22,642.0
- Own bonds	1,080.0	613.3
Breakdown by marketability		
- Marketable securities	23,926.3	25,015.2
of which:		
- listed	5,325.4	5,590.5
- unlisted	18,600.9	19,424.7
Breakdown by type		
- Liquidity reserve	1,080.0	613.3
- Investment securities	22,846.3	24,401.9
Breakdown by affiliation		
- Securities of affiliated companies	-	-
- Securities of other investees and investors	-	-

In the first half of 2012, the EAA received EFSF money market instruments with a notional value of EUR 23.6 million in exchange for Greek bonds. These securities were allocated to investment securities.

7. Equities and other non-fixed-income securities

	30 June 2012 EUR million	31 Dec. 2011 EUR million
Carrying amount	**20.5**	**26.3**
Breakdown by marketability		
- Marketable securities	17.0	22.9
of which:		
- listed	17.0	22.9
- unlisted	-	-
Breakdown by type		
- Liquidity reserve	17.0	22.9
- Investment securities	3.5	3.4

8. Long-term equity investments

	30 June 2012 EUR million	31 Dec. 2011 EUR million
Carrying amount	**71.1**	**86.3**
of which:		
- in banks	11.4	15.5
- in financial service providers	-	-
Breakdown by marketability		
- Marketable securities	26.7	30.8
of which:		
- unlisted	26.7	30.8

9. Shares in affiliates

	30 June 2012 EUR million	31 Dec. 2011 EUR million
Carrying amount	**1,219.6**	**1,288.5**
of which:		
- in banks	1,184.3	1,184.3
- in financial service providers	9.6	9.6
Breakdown by marketability		
- Marketable securities	1,184.8	1,184.8
of which:		
- unlisted	1,184.8	1,184.8

10. Other assets

	30 June 2012 EUR million	31 Dec. 2011 EUR million
Carrying amount	**60.4**	**92.0**
of which:		
- Guarantee fees and commissions	38.5	42.8
- Premiums for options	18.8	47.4
- Claims from swap transactions	2.0	1.1
- Tax refund claims	0.7	0.3

11. Prepaid expenses/accrued income

	30 June 2012 EUR million	31 Dec. 2011 EUR million
Carrying amount	**357.5**	**356.3**
of which:		
- Non-recurring payments on swaps	300.9	303.5
- Discount on issuing business	50.1	45.4
- Discount on liabilities	2.2	3.6
- Other	4.3	3.8

12. Subordinate assets

Subordinated assets are included in:

	30 June 2012 EUR million	31 Dec. 2011 EUR million
Loans and advances to customers	34.7	33.5
of which: to affiliates	34.7	33.5
of which: to other long-term investees and investors	-	-
Bonds and other fixed-income securities	0.0	2.6
of which: to affiliates	-	-
of which: to other long-term investees and investors	-	-
Total	**34.7**	**36.1**

13. Assets sold under repurchase agreements

The carrying amount of assets sold under repurchase agreements reported on the balance sheet was EUR 736.2 million (31 December 2011: EUR 1,313.0 million).

14. Deposits from banks

	30 June 2012 EUR million	31 Dec. 2011 EUR million
Carrying amount	**15,048.6**	**5,596.3**
of which:		
- to affiliates	66.9	112.3
- to other long-term investees and investors	-	-
Payable on demand	72.5	218.2
due		
- within 3 months	5,897.7	1,504.8
- 3 months to 1 year	6,250.0	632.9
- 1 to 5 years	2,745.1	3,170.2
- after 5 years	83.3	70.2

The EUR 9.4 billion rise in deposits from banks to EUR 15.0 billion was the result of new EAA issues to further establish a liquidity buffer.

15. Deposits from customers

	30 June 2012 EUR million	31 Dec. 2011 EUR million
Carrying amount	**4,661.4**	**5,699.3**
- to affiliates	6.2	-
- to other long-term investees and investors	-	-
Other deposits	4,661.4	5,699.3
of which:		
- payable on demand	0.6	3.8
due		
- within 3 months	775.6	1,141.0
- 3 months to 1 year	234.5	738.5
- 1 to 5 years	2,374.1	2,561.4
- after 5 years	1,276.6	1,254.6

16. Debt securities in issue

	30 June 2012 EUR million	31 Dec. 2011 EUR million
Carrying amount	**58,144.1**	**37,549.4**
of which:		
- to affiliates	-	-
- to other long-term investees and investors	-	-
Bonds	13,232.8	12,009.1
of which:		
Amounts due in the following year	10,443.7	6,513.1
Other debt securities in issue	44,911.3	25,540.3
of which due:		
- within 3 months	11,446.0	7,017.6
- 3 months to 1 year	12,862.4	6,405.4
- 1 to 5 years	20,592.9	12,117.3
- after 5 years	10.0	-

The EUR 20.6 billion rise in debt securities in issue to EUR 58.1 billion was the result of new EAA issues to further establish a liquidity buffer.

17. Other liabilities

	30 June 2012 EUR million	31 Dec. 2011 EUR million
Carrying amount	**468.4**	**916.5**
of which:		
- Currency translation adjustments	446.0	874.7
- Premiums from options	21.9	40.5
- Obligations from swap transactions	0.2	0.2

18. Accruals/deferred income

	30 June 2012 EUR million	31 Dec. 2011 EUR million
Carrying amount	**379.8**	**370.3**
of which:		
- Non-recurring payments on swaps	368.5	366.0
- Premium on issuing business	6.1	2.3
- Premiums for sold interest rate caps and floors	1.7	1.8
- Other	3.5	0.2

19. Provisions

	Balance as of 31 Dec. 2011 EUR million	Additions EUR million	Unwinding of discount EUR million	Charge-offs EUR million	Reversals EUR million	Other changes EUR million	Final balance 30 June 2012 EUR million
Taxes	1.2	-	-	-	-	-	1.2
Other provisions	99.8	16.9	0.0	41.8	11.0	1.6	65.5
- Loans	69.5	9.4	0.0	24.1	11.0	1.4	45.2
- Personnel	0.2	-	-	0.2	-	-	-
- Other	30.1	7.5	-	17.5	-	0.2	20.3
Total	**101.0**	**16.9**	**0.0**	**41.8**	**11.0**	**1.6**	**66.7**

The EAA currently does not anticipate any losses from legal risks.

Other provisions include provisions for expected loss assumptions for equity investments and for services rendered but not yet invoiced.

20. Equity

The EAA's subscribed capital amounted to EUR 500,000.00 as of 30 June 2012.

The EAA received additions to its capital reserve amounting to EUR 3,137.0 million from transfers.

The other reserves amounted to EUR 2.4 million and resulted from the reversal of provisions for which the carrying amounts were reduced as a result of the change in the measurement of obligations under the German Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz – BilMoG).

The EAA's net profit for the first half of 2012 amounted to EUR 9.7 billion and decreased net retained losses carried forward to EUR 2,516.2 million as of 30 June 2012.

Notes to the income statement

21. Geographical breakdown of income components

1 Jan.-30 June 2012 EUR million	Interest income	Current income	Fees and commission income	Other operating income
Income statement amount	**564.2**	**2.4**	**20.0**	**0.6**
of which:				
- Düsseldorf	494.1	2.1	12.5	0.6
- London	44.7	0.2	6.8	-
- New York	25.4	0.1	0.7	-

The geographical allocation of income depends on the EAA's company codes.

22. Other operating and prior-period expenses and income

Net other operating expenses and income in the first half of 2012 amounted to EUR -0.1 million (previous year: EUR -2.2 million) and consisted of EUR 0.7 million (previous year: EUR 2.2 million) in expenses and EUR 0.6 million (previous year: TEUR 37) in income. Other operating expenses included EUR 0.2 million in currency conversion (previous year: EUR 2.2 million); other operating income includes EUR 0.5 million in currency conversion.

There were no material prior-period expenses and income in the first half of 2012.

23. Allowances for losses on loans and advances and write-downs

Write-downs and allowances in accordance with section 340f (3) and section 340c (2) of the HGB

	1 Jan.-30 June 2012 EUR million	1 Jan.-30 June 2011 EUR million
Risk result	**29.9**	**-227.3**
Loans and securities income/expense	-385.9	58.4
of which:		
- Lending operations	-388.8	46.7
- Securities	2.9	11.7
Equity investments and securities income/expenses	415.8	-285.7
of which:		
- Long-term equity investments	-11.6	-88.9
- Securities	427.4	-196.8
Allowances for losses on loans and advances/securities/long-term equity investments due to credit risk/affiliated companies	41.5	-235.8
of which		
- Lending operations	-27.9	1.5
- Structured securities	122.8	8.2
- Other securities	-53.4	-168.2
- Long-term equity investments due to Greece	-	-77.3
Net income from investment securities	-11.6	8.5

The EAA always makes use of the options available under section 340f (3) and section 340c (2) of the HGB. Under section 340f (3) of the HGB, income and expenses resulting from changes to allowances for loans and advances in the lending business may be reported on a net basis with risk provisions for securities and income from the reversal of risk provisions on securities in the liquidity reserve. Net expenses amounted to EUR 385.9 million (previous year: net income of EUR 58.4 million). Under section 340c (2) of the HGB, the expenses for long-term equity investments, shares in affiliated and long-term securities may be offset against the respective income. In total, the EAA posted income of EUR 415.8 million (previous year: expenses of EUR 285.7 million) under the risk result for long-term equity investments and securities.

24. Taxes on income

Taxes on income amounting to EUR 0.9 million (previous year: EUR 1.3 million) primarily relate to foreign taxes.

25. Contingencies

Contingent liabilities

Contingent liabilities amounting to EUR 6.1 billion (31 December 2011: EUR 6.7 billion) primarily resulted from guarantees for Portigon's risk exposures. They include obligations from credit default swaps amounting to EUR 1,499.0 million (31 December 2011: EUR 1,501.3 million). The EAA does not know whether, when, or the extent to which these specific contingent liabilities will be realised. A provision will recognised as soon there are sufficient concrete indications of probable losses as the result of contingent liabilities being realised.

Other obligations

The reported volume of EUR 1.4 billion (31 December 2011: EUR 1.4 billion) was due to the lending business. The EAA monitors on a continuing basis whether losses from other obligations are imminent and whether a provision must be recognised for anticipated losses from off-balance sheet transactions.

26. Number of employees

The average number of employees was as follows in the period under review:

Number of employees	Female	Male	Total 1 Jan.-30 June 2012	Total 1 Jan.-30 June 2011
	24	49	73	44

27. EAA shareholders

Shareholders	Ownership Interest 30 June 2012 in %	Ownership Interest 31 Dec. 2011 in %
North Rhine-Westphalia	48.202	48.202
Rheinischer Sparkassen- und Giroverband (RSGV)	25.032	25.032
Sparkassenverband Westfalen-Lippe (SVWL)	25.032	25.032
Landschaftsverband Rheinland (LVR)	0.867	0.867
Landschaftsverband Westfalen-Lippe (LWL)	0.867	0.867
Total	**100.000**	**100.000**

28. Memberships of other bodies held by Managing Board members

In the first half of 2012, no members of the Managing Board of the EAA were members of a Supervisory Board or other supervisory bodies of large public companies pursuant to section 340a (4) no. 1 in conjunction with section 267 (3) of the HGB.

29. Memberships of other bodies held by employees

In the first half of 2012, the following employees of the EAA were members of a Supervisory Board or other supervisory bodies of public companies pursuant to section 340a (4) no. 1 in conjunction with section 267 (3) of the HGB.

Sven Guckelberger
Basinghall Finance plc

Gabriele Müller
EAA Covered Bond Bank plc
EAA Corporate Services plc (formerly EAA Bank Ireland plc)
Basinghall Finance plc

Hartmut Rahner
EAA Covered Bond Bank plc
EAA Corporate Services plc (formerly EAA Bank Ireland plc)

30. Executive bodies of the EAA

Members of the Managing Board of the EAA

Matthias Wargers
Markus Bolder

Members of the Supervisory Board of the EAA

Dr. Rüdiger Messal
Chairman | State Secretary in the Finance Ministry of North Rhine-Westphalia

Joachim Stapf
Vice Chairman | Senior Assistant Secretary (Leitender Ministerialrat) in the Finance Ministry of North Rhine-Westphalia

Dr. Karlheinz Bentele
Former President of the Rheinischer Sparkassen- und Giroverband,
Former Member of the Executive Committee (Leitungsausschuss) of the Federal Agency for Financial Market Stabilisation (Bundesanstalt für Finanzmarktstabilisierung)

Ralf Fleischer
Managing Director of the Rheinischer Sparkassen- und Giroverband

Henning Giesecke
Managing Director of GSW Capital Management GmbH,
Former Chief Risk Officer of HypoVereinsbank AG and UniCredit Group

Wilfried Groos
Chairman of the Managing Board of the Sparkasse Siegen

Dr. Wolfgang Kirsch
Director of the Landschaftsverband Westfalen-Lippe

Hans Martz
Chairman of the Managing Board of the Sparkasse Essen

Michael Stölting
Member of the Managing Board of NRW.BANK

Jürgen Wannhoff
Vice President and Member of the Managing Board of the Sparkassenverband Westfalen-Lippe

Dr. Uwe Zimpelmann
Former Chairman of the Landwirtschaftliche Rentenbank

Stakeholders' Meeting of the EAA

The Stakeholders' Meeting is made up of representatives of the shareholders (see Note 27).

Düsseldorf, 28 August 2012

Erste Abwicklungsanstalt

The Managing Board

Matthias Wargers	Markus Bolder

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for the interim report, the interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and the interim management report includes a fair review of the development and performance of the business and the position of the company, together with a description of the material opportunities and risks associated with the expected development of the company for the remainder of the financial year.

Düsseldorf, 28 August 2012

Erste Abwicklungsanstalt

The Managing Board

Matthias Wargers

Markus Bolder

Review report

We have reviewed the condensed interim financial statements – comprising the balance sheet, income statement, statement of cash flows, statement of changes in equity and selected explanatory notes – and the interim management report of Erste Abwicklungsanstalt for the period from 1 January 2012 to 30 June 2012 which are part of the interim report pursuant to section 37w of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG). The preparation of the condensed interim financial statements in accordance with German commercial law and of the interim management report in accordance with the provisions of the German Securities Trading Act applicable to interim management reports is the responsibility of the institution's Managing Directors. Our responsibility is to issue a review report on the condensed interim financial statements and on the interim management report based on our review.

We conducted our review of the condensed interim financial statements and the interim management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer in Deutschland – IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed interim financial statements have not been prepared, in all material respects, in accordance with German commercial law and that the interim management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim management reports. A review is limited primarily to enquiries of institution personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim financial statements have not been prepared, in all material respects, in accordance with German commercial law nor that the interim management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim management reports.

Düsseldorf, 29 August 2012

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

(Michael Peters)
German public auditor

(ppa. Susanne Beurschgens)
German public auditor

List of abbreviations

ABS
Asset Backed Securities

APAC
Asia Pacific region

BilMoG
German Accounting Law Modernisation Act
(Bilanzrechtsmodernisierungsgesetz)

DRS
German Accounting Standard
(Deutscher Rechnungslegungsstandard)

EAA
First Winding-up Agency
(Erste Abwicklungsanstalt)

EAA CBB
EAA Covered Bond Bank plc, Dublin/Ireland

EFSF
European Financial Stability Facility

EMEA
Europe, Middle East and Africa region

EU
European Union

EUSS
European Super Seniors

ECB
European Central Bank

FED
Federal Reserve Bank, USA

FFPP
Fondo para la Financiacion de los Pagos de Proveedores

FMSA
Federal Agency for Financial Market Stabilisation
(Bundesanstalt für Finanzmarktstabilisierung)

FMStFG
Financial Market Stabilisation Fund Act
(Finanzmarktstabilisierungsfondsgesetz)

FROB
Fondo de Reestructuración Ordenada Bancaria

FX-Effect
Foreign Exchange Effect

HGB
German Commercial Code (Handelsgesetzbuch)

ICO
Instituto de Crédito Oficial

IDW
Institute of Public Auditors in Germany
(Institut der Wirtschaftsprüfer in Deutschland e.V.)

LVR
Landschaftsverband Rheinland

LWL
Landschaftsverband Westfalen-Lippe

N.R.
Not rated

NRW
North Rhine-Westphalia

Phoenix Light SF Ltd.
ABS special purpose vehicle, headquartered in Dublin, Ireland

Portigon
Portigon AG (traded under the name WestLB AG until 2 July 2012)

PSI
Private Sector Involvement

RechKredV
Accounting Ordinance for Banks And Financial Service Institutions
(Verordnung über die Rechnungslegung der Kreditinstitute und Finanzdienstleistungsinstitute)

RSGV
Rheinischer Sparkassen- und Giroverband

S.R.
Special rating

SVWL
Sparkassenverband Westfalen-Lippe